



Lithium Ionic

LTH-TSXV

 Rating
Outperform

 Price: Apr-26
\$0.74

 Target
\$3.00

 Total Rtn
305%

Bandeira Drilling Update Shows Strong Grades Over Wide Intervals

Bottom Line:

Positive. LTH announced assay results for 23 drill holes at its Bandeira project, seven of which were not included in the recent Bandeira resource update ([link](#)). The results show strong grades over wide intervals with highlights including: 40m at 1.46% Li2O, including 5m at 3.38% intersected 147m downhole; 24m at 1.86% Li2O intersected 180m downhole; and 20m at 2.13%, including 10m at 2.62% intersected 175m downhole.

Key Points

Drilling results continue to highlight potential for further growth at Bandeira.

Today's results follow an updated Bandeira MRE released earlier this month, which increased the resource by 42% to 41.9Mt at 1.35% Li2O M&I+I. Highlights from the seven holes released today that were not included in the MRE update demonstrate greater average widths and grades highlighting the potential for continued resource growth on the 175-hectare property.

Bandeira feasibility study expected in May and will build upon the October 2023 PEA, which was based on the prior MRE of 29.5Mt, or 30% smaller than today. With the increased resource size, we believe there could be potential for the feasibility study to outline a longer mine life project or increased annual production vs. the PEA, which outlined a 20-year mine life producing ~218 ktpa spodumene concentrate.

Despite recent positive developments and several near-term catalysts, LTH continues to trade at a discount to lithium developer peers. Within the past month, LTH has: (i) delivered an initial resource for its Salinas project, (ii) grown its Bandeira resource by 42%, (iii) expanded the newly discovered high-grade Noé zone at Salinas, and (iv) with today's announcement, continued to demonstrate the exploration potential at Bandeira. With the Bandeira feasibility study expected imminently, and receipt of its environmental permits expected in Q3/24, we believe there are catalysts for LTH to close the current valuation discount relative to peers (e.g., LTH currently trading at ~US\$25/t LCE vs. the developer peer average of US\$95/t LCE).

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Company Description

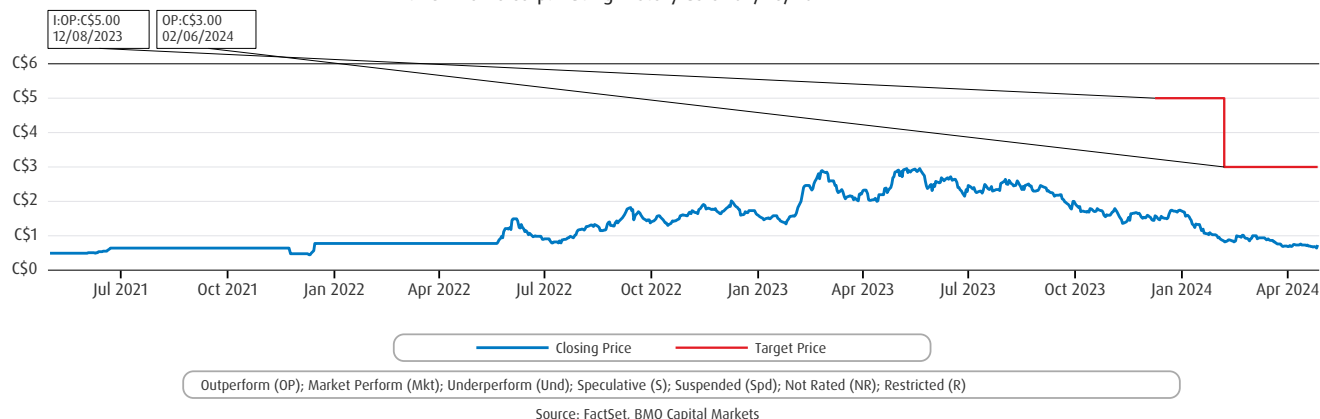
Lithium Ionic Corp. is a hard rock lithium developer focused on advancing its 100%-owned flagship Itinga Projects and its 85%-owned Salinas Project, located in Minas Gerais State, Brazil. A 2023 PEA on the company's Bandeira project outlined a low capital, low-cost underground operation expected to benefit from an accelerated permitting process and timeline to production.


 LTH-TSXV
 Research


Glossary


 Company
 Models

Lithium Ionic Corp. Rating History as of 04/26/2024



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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 0.60x multiple to our calculated NAV, appropriate in our view for an early-stage development company with a low-capital project in an attractive jurisdiction and balanced by the current market environment.

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 (April 28, 2024)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
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Hold	Market Perform	48.1 %	20.6 %	49.5 %	42.7 %	40.5 %	37.5%
Sell	Underperform	2.4 %	18.2 %	2.2 %	1.4 %	0.9 %	4.8%

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Prior BMO Capital Markets Rating System

(April 2013 - October 2016)

http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)

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