

Rating
SPECULATIVE BUY

 Price Target
C\$3.25
LTH-TSXV

 Price
C\$0.74
Market Data

52-Week Range (C\$) :	0.62 - 3.05
Avg Daily Vol (000s) :	357.63
Shares Out. (M) :	125.3
Market Cap (C\$M) :	92.7
Dividend /Shr (C\$) :	0.00
Dividend Yield (%) :	0.0



Source: FactSet

Priced as of close of business 26 April 2024

Lithium Ionic is an exploration and development company that is steadily advancing its flagship Itinga project in Minas Gerais state, Brazil, in addition to the earlier-stage Salinas project.

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High-grade intercepts demonstrate growth potential

This morning, Lithium Ionic reported assay results for 23 drill holes from its flagship Bandeira project. The full results are presented in Figure 1.

High-grade intercepts demonstrate future growth potential: We highlight holes ITDD-24-256 through ITDD-24-262, which returned exceptional high-grade intercepts over decent widths. These holes (as presented below) were not included in the recently announced mineral resource estimate of 41.9Mt grading 1.35% Li₂O and demonstrate future growth potential, in our view.

Intercept highlights include:

- 1.25% Li₂O over 49.8m, including 1.46% Li₂O over 27m (hole ITDD-23-213)
- High-grade results excluded from the recent MRE include:
 - 1.46% Li₂O over 40m, including 2.02% Li₂O over 6m, 1.83% Li₂O over 7m and 3.38% Li₂O over 5m (hole ITDD-24-259)
 - 1.86% Li₂O over 24.1m (hole ITDD-24-256)
 - 2.13% Li₂O over 20.4m, including 2.62% Li₂O over 10.4m and 3.78% Li₂O over 3.3m (hole ITDD-24-260)
 - 2.03% Li₂O over 18.6m (hole ITDD-24-257)
 - 1.93% Li₂O over 11.5m and 1.31% Li₂O over 12.5m, including 2.04% Li₂O over 6m (hole ITDD-24-262)

Feasibility Study expected in May 2024: With the updated mineral resource out, the next key catalyst will be the completion of a Definitive Feasibility Study for Bandeira. We expect an updated mine plan (with an extended mine life) as well as revised capital and operating costs. We believe the release of the DFS will be a key catalyst to bring in incremental funds and resolve LTH's tight balance sheet (<\$5 million in cash on hand). In our view, funds could come in the form of a strategic investment, prepayment for an offtake, or a royalty transaction, among other options.

Maintain SPEC BUY; C\$3.25/sh target price: Our estimates remain unchanged at this time. Our target price is based on 1.0x NAV, measured as at April 1, 2025. LTH currently trades at 0.25x NAV, an attractive discount to peers.

We expect LTH to re-rate higher over the next 12 months as management looks to publish a DFS for Bandeira, a PEA and updated 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 by mid-2024.

Potential upcoming catalysts:

- Completion of Bandeira Feasibility Study – May 2024
- Approval of Bandeira LAC/construction permit – mid-2024
- Completion of Salinas PEA – H2 2024
- Salinas resource update – Q4 2024
- Completion of Salinas EIA – Q1 2025
- Strategic partnership announcement / M&A

Figure 1: Reported assays from Bandeira

Hole ID	Az	Dip	From	To	Metres	Li2O (%)
ITDD-23-159			287.50	289.55	2.05	1.28
and			287.50	292.65	5.15	0.98
and			350.16	353.08	2.92	0.89
and			372.21	380.34	8.13	1.59
and			425.97	437.60	11.63	1.40
and			445.38	450.94	5.56	1.52
and			457.04	458.75	1.71	1.72
and			464.98	468.50	3.52	2.17
ITDD-23-191	150	-60	53.51	58.65	5.14	1.71
ITDD-23-195	150	-60	80.91	86.51	5.60	0.86
ITDD-23-197	150	-60	77.08	80.44	3.36	0.95
and			97.91	102.40	4.49	1.76
ITDD-23-209			41.61	51.61	10.00	1.21
Including	0	-90	41.61	45.61	4.00	1.56
ITDD-23-213			54.87	104.71	49.84	1.25
Including	0	-90	54.87	59.87	5.00	1.37
Including			66.67	93.67	27.00	1.46
ITDD-23-246	330	-50	45.70	50.70	5.00	1.17
ITDD-23-247	0	-90	86.62	95.62	9.00	1.02
including			86.62	89.62	3.00	1.62
ITDD-23-248	330	-45	71.41	76.41	5.00	1.02
ITDD-23-249	330	-85	122.10	124.10	2.00	0.56
ITDD-24-250	330	-65	43.42	49.42	6.00	1.09
including			43.42	47.42	4.00	1.26
ITDD-24-251	330	-80	193.16	197.00	3.84	1.28
ITDD-24-252	330	-50	94.07	100.07	6.00	1.25
ITDD-24-253	0	90	181.75	188.30	6.55	1.01
including			181.75	184.63	2.88	1.39
ITDD-24-255	150	-72	143.39	143.93	0.54	0.85
ITDD-24-254			90.69	94.04	3.35	0.77
and	0	90	95.54	98.50	2.96	0.98
and			125.73	132.87	7.14	1.33
ITDD-24-256	330	-85	179.69	203.80	24.11	1.86
ITDD-24-257	330	-85	189.17	207.78	18.61	2.03
ITDD-24-258	0	-90	105.66	108.66	3.00	1.53
and			116.44	122.44	6.00	1.34
ITDD-24-259			146.95	186.95	40.00	1.46
Including	330	-65	146.95	152.95	6.00	2.02
Including			159.95	166.95	7.00	1.83
Including			181.95	186.95	5.00	3.38
ITDD-24-260			175.05	195.44	20.39	2.13
Including	330	-65	177.05	180.30	3.25	3.78
Including			185.05	195.44	10.39	2.62
ITDD-24-261	0	-90	148.31	157.31	9.00	1.49
ITDD-24-262			220.00	231.45	11.45	1.93
and	330	-80	240.77	248.16	7.39	1.75
and			255.00	267.48	12.48	1.31
including			260.00	266.00	6.00	2.04

**No significant intersections in holes ITDD-23-201, ITDD-23-237 and ITDD-24-263

Source: Company Reports

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Investment Recommendation

Date and time of first dissemination: April 29, 2024, 08:20 ET

Date and time of production: April 29, 2024, 08:20 ET

Target Price / Valuation Methodology:

Lithium Ionic Corp. - LTH

Our target price is based on 1.0x NAV, measured as at April 1, 2025.

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 04/29/24)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	618	66.59%	22.65%
Hold	136	14.66%	10.29%
Sell	12	1.29%	8.33%
Speculative Buy	154	16.59%	48.05%
	928*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

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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SPECULATIVE: The stock bears significantly above-average risk and volatility. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the Global Stock Ratings table)

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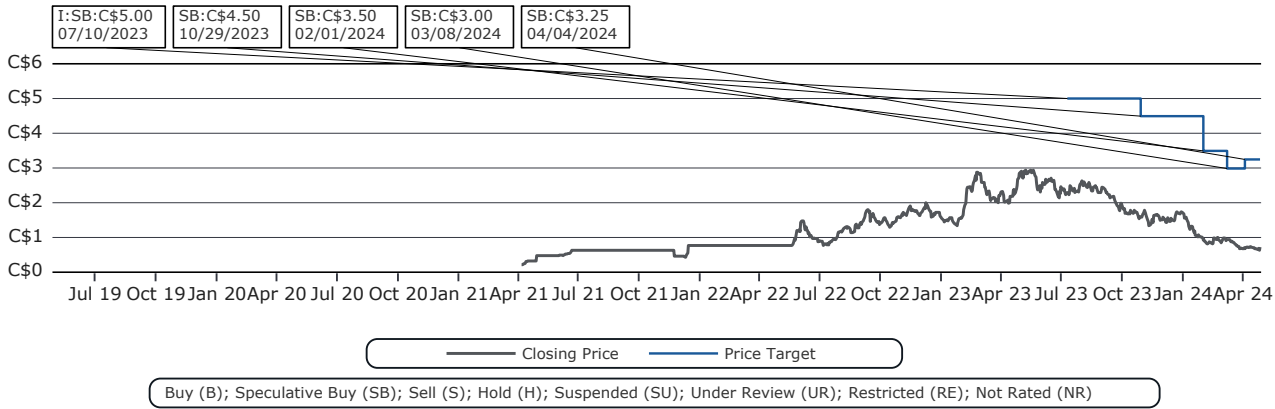
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An analyst has visited the material operations of Lithium Ionic Corp.. No payment was received for the related travel costs.

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 04/26/2024



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