

Lithium Ionic Corp. EV Materials

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| | |
|----------------------------------|--------------------------------|
| Rating SPECULATIVE BUY | Price Target C\$3.25 |
| LTH-TSXV | Price C\$0.76 |

Market Data

| | |
|------------------------|-------------|
| 52-Week Range (C\$) : | 0.69 - 3.05 |
| Avg Daily Vol (000s) : | 442.00 |
| Shares Out. (M) : | 125.3 |
| Market Cap (C\$M) : | 95.2 |
| Dividend /Shr (C\$) : | 0.00 |
| Dividend Yield (%) : | 0.0 |



— LTH.CA
Source: FactSet

Priced as of close of business 11 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.

40% increase in Bandeira mineral resource

This morning, Lithium Ionic announced a mineral resource update for its 100%-owned Bandeira project totalling 41.9Mt grading 1.35% Li₂O, consisting of:

- M&I of 23.68Mt grading 1.34% Li₂O
- Inferred of 18.25Mt grading 1.37% Li₂O

We view this as a positive update for LTH as it represents a 40% increase in contained resource at Bandeira, as well as a 26% increase in the company's total global resource estimate. This is also the second meaningful resource update for the company in the last week, with the Salinas maiden mineral resource estimate having recently added 14.8Mt grading 1.02% Li₂O to the portfolio ([see note](#)).

Rapid resource expansion demonstrates potential scale of portfolio: We continue to view the Lithium Valley, and LTH's land package, as highly prospective. Today's increase at Bandeira, upgrades Lithium Ionic's total MRE to ~60.1Mt in Brazil, with the Bandeira project covering only 158 hectares, or ~1% of the company's total land package.

The MRE estimate is based on 233 drill holes, or 50,760m, drilled between April 2022 and March 2024, and this is the third resource update in less than a year (with the maiden mineral resource announced in June 2023). Further exploration programs are planned across all of LTH's existing deposits, as well as other regional targets. In our view, these will support continued mineral resource growth.

All eyes on the balance sheet: While positive, we believe that investors remain highly focused on LTH's tight balance sheet (~\$5 million cash). Management is actively looking to resolve the balance sheet in a less dilutive way. In our view, funds could come in the form of a strategic investment, prepayment for offtake, or a royalty transaction, among other options.

With an 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. In our view, the release of the DFS will be key catalyst to bring in incremental funds.

Maintain SPEC BUY; C\$3.25/sh target price: Our estimates remain unchanged at this time. Our target price remains based on 1.0x NAV, measured as at April 1, 2025. LTH currently trades at 0.26x NAV, an attractive discount to peers at 0.50x.

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 – early Q3 2024
- Completion of Salinas PEA H2 2024–
- Salinas resource update – Q4 2024
- Completion of Salinas EIA – Q1 2025
- District M&A

Figure 1: Updated Bandeira mineral resource estimate

| Deposit / Cut-Off Grade | Category | Resource (Mt) | Grade (% Li ₂ O) | Contained LCE (kt) |
|------------------------------------------|-----------------------------|---------------|-----------------------------|--------------------|
| Bandeira <i>(0.5% cut-off)</i> | Measured | 3.32 | 1.38 | 113.1 |
| | Indicated | 20.36 | 1.33 | 669.6 |
| | Measured + Indicated | 23.68 | 1.34 | 783.0 |
| | Inferred | 18.25 | 1.37 | 618.4 |

Source: Company Reports

Figure 2: Bandeira mineral resource - current vs previous

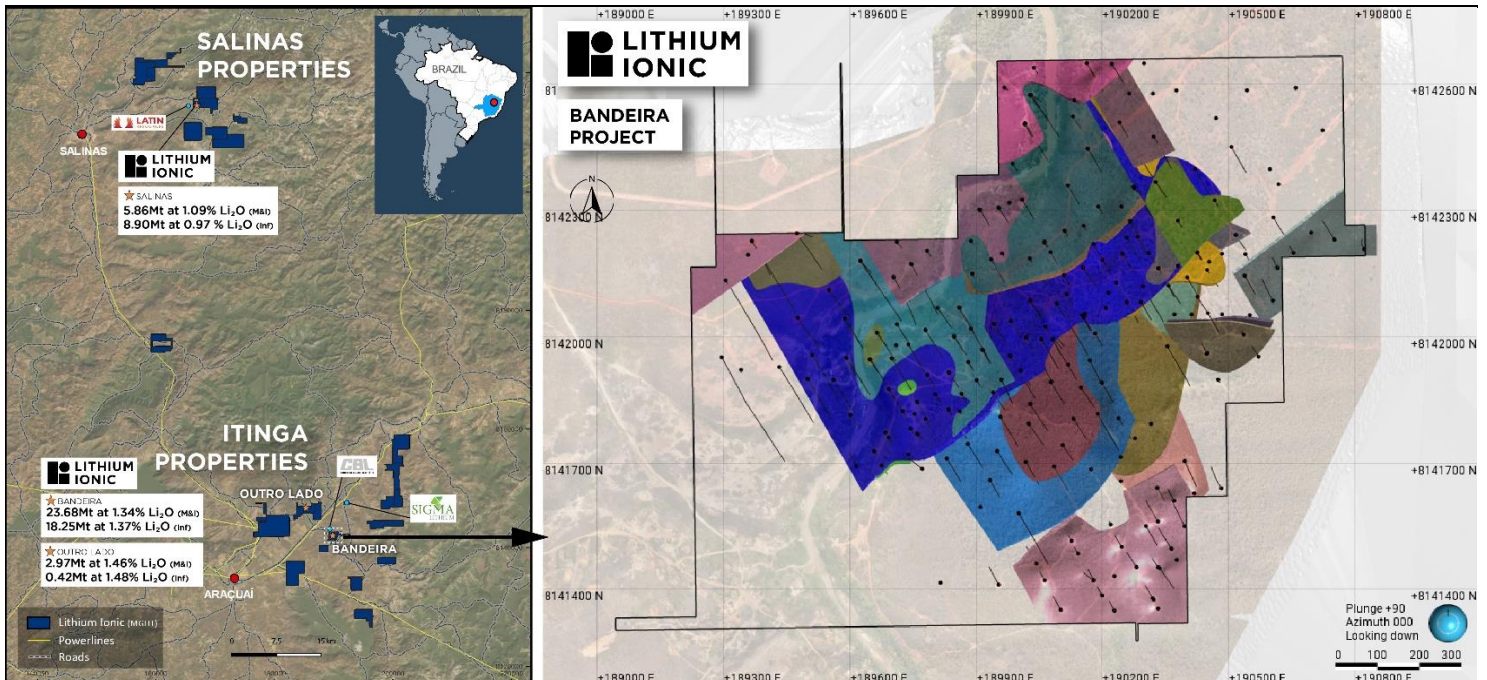
| M&I Resources - Bandeira | Tonnes (Mt) | Li ₂ O % | Contained (kt LCE) |
|--------------------------|-------------|---------------------|--------------------|
| Current - April 2024 | 23.68 | 1.34% | 782.70 |
| Previous - October 2023 | 13.72 | 1.40% | 474.89 |
| Δ vs Previous | 73% | -4% | 65% |

| Inferred Resources - Bandeira | Tonnes (Mt) | Li ₂ O % | Contained (kt LCE) |
|-------------------------------|-------------|---------------------|--------------------|
| Current - April 2024 | 18.25 | 1.37% | 618.40 |
| Previous - October 2023 | 15.79 | 1.34% | 523.12 |
| Δ vs Previous | 16% | 2% | 18% |

| Total Resource - Bandeira | Tonnes (Mt) | Li ₂ O % | Contained (kt LCE) |
|---------------------------|-------------|---------------------|--------------------|
| Current - April 2024 | 41.93 | 1.35% | 1,401.10 |
| Previous - October 2023 | 29.51 | 1.37% | 998.01 |
| Δ vs Previous | 42% | -1% | 40% |

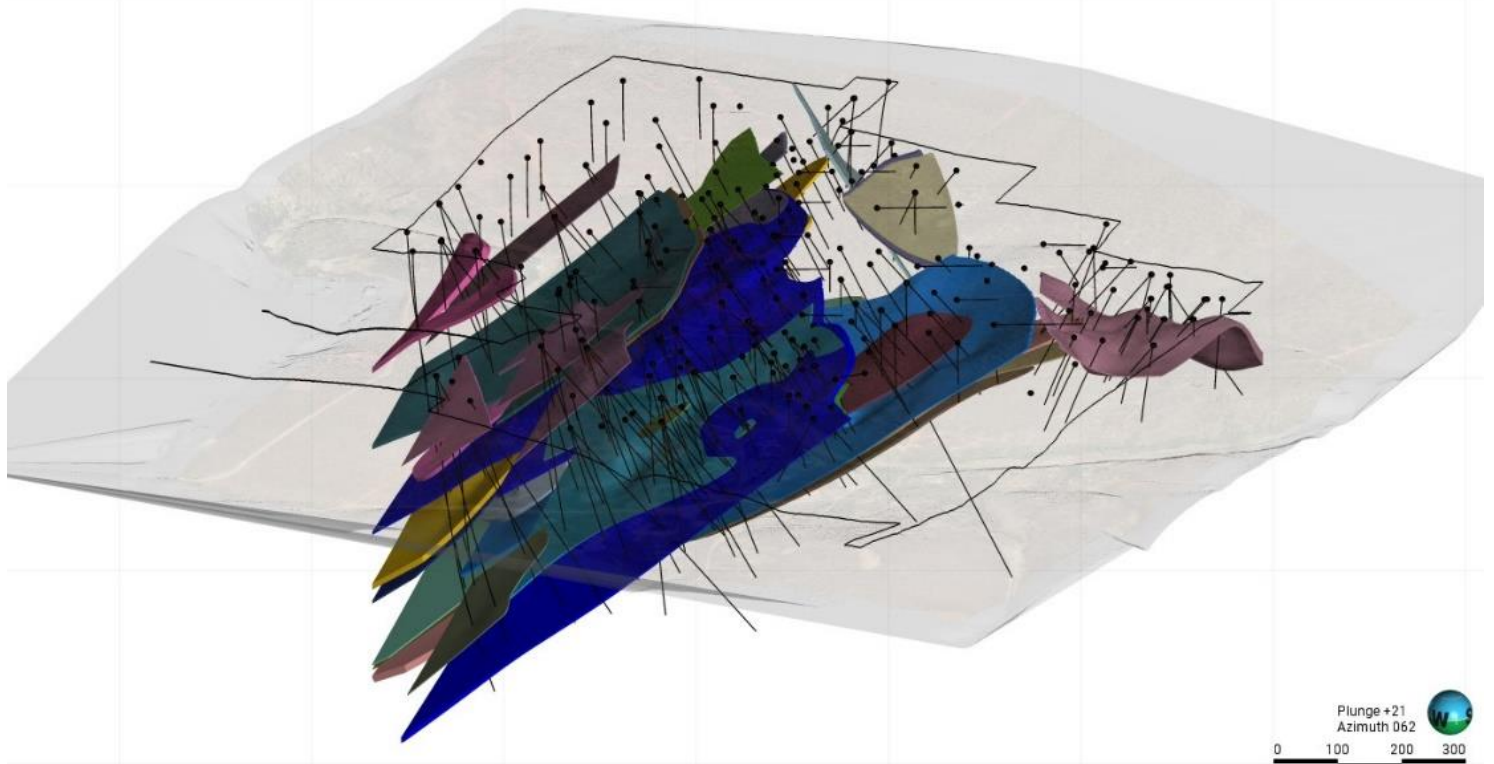
Source: Company Reports, Canaccord Genuity

Figure 3: Bandeira project location



Source: Company Reports

Figure 4: Isometric view of the Bandeira deposit



Source: Company Reports

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: April 12, 2024, 11:46 ET

Date and time of production: April 12, 2024, 11:46 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 04/12/24)

| Rating | Coverage Universe | | IB Clients |
|-----------------|-------------------|--------|------------|
| | # | % | % |
| Buy | 606 | 66.01% | 22.77% |
| Hold | 137 | 14.92% | 10.22% |
| Sell | 12 | 1.31% | 8.33% |
| Speculative Buy | 155 | 16.88% | 47.74% |
| | 918* | 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.

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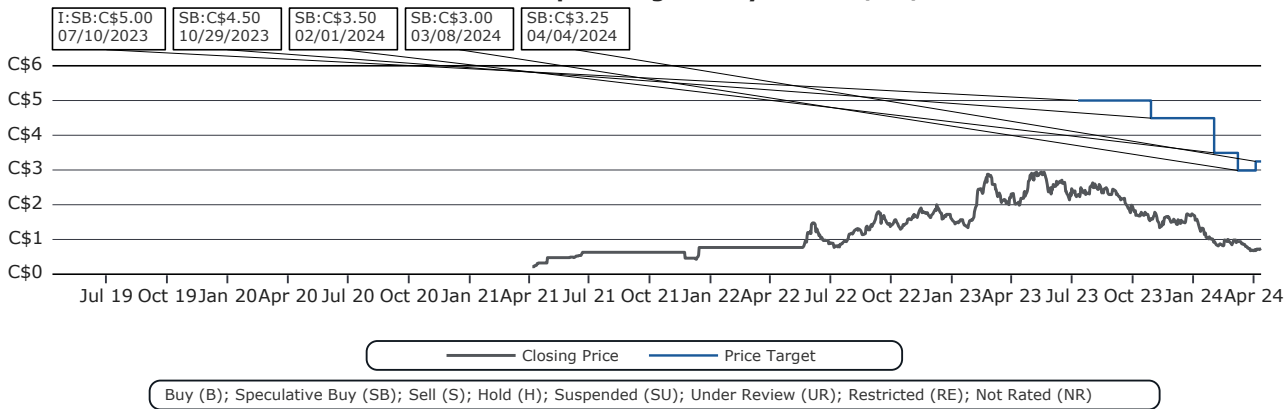
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An analyst has visited the material operations of Lithium Ionic Corp.. No payment was received for the related travel costs.

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 04/11/2024



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