

Rating
SPECULATIVE BUY
unchanged

Price Target
C\$3.25 ↑
from C\$3.00

LTH-TSXV

Price
C\$0.71

Market Data

52-Week Range (C\$) :	0.69 - 3.05
Avg Daily Vol (000s) :	401
Market Cap (C\$M) :	98.1
Shares Out. (M) :	138.2
Enterprise Value (C\$M) :	72.7
NAV /Shr (C\$) :	2.96
Net Cash (C\$M) :	19.8
P/NAV (x) (C\$) :	0.24



Priced as of close of business 4 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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Maiden mineral resource at Salinas

Lithium Ionic announced a maiden mineral resource estimate for its 85% owned Salinas project totalling 14.76Mt at 1.02% Li₂O, consisting of:

- M&I: 5.86Mt at 1.09% Li₂O and,
- Inferred: 8.9Mt at 0.97% Li₂O (Figure 1)

We view the MRE as positive; our previous expectation was a resource of ~10Mt at Salinas. The addition of Salinas also increases LTH's global resource by ~45% to 47.8Mt across its projects. Drilling was completed over a short period between May and November 2023, with a total of 122 drill holes over 27,030m included in the estimate.

Resource expansion already on deck: With the maiden resource now complete, LTH is already targeting completion of an upgrade by Q4 2024. Drilling has continued on site since the cut-off (November 2023), with an additional 24 holes (6,001m) already complete. In our view, the company has already demonstrated its ability to add incremental tonnage; we highlight the recent discovery of a new high-grade pegmatite at the project which is not included in the current MRE (see note here). Consultant GE21 believes that this target, known as Noé, has the potential to increase the MRE by between 10-15Mt with grades ranging from 1.0-1.3% Li₂O, in the near term.

Advancing Salinas – PEA and permit planning underway: A Preliminary Economic Assessment will soon be initiated for Salinas, with completion anticipated in H2 2024. Approximately 65% of the MRE is considered to be open pittable.

Management's goal is to advance studies for Salinas in a similar manner to Bandeira, including direct acceleration into a Feasibility Study following completion of the PEA. As a reminder, LTH advanced Bandeira from a maiden mineral resource in June 2023 to a PEA in October 2023 and a Feasibility Study is anticipated to be finalized in the near future (details below). Assuming LTH can replicate this pace at Salinas, the project could accelerate through many key project development hurdles in a short time frame, highlighting one of the key advantages of operating in Brazil. Permitting efforts for Salinas will also start in the near term, with the goal of completing an EIA by Q1 2025.

Bandeira update – Feasibility Study slightly delayed: LTH also provided an update on its more advanced project, Bandeira. Management confirmed that the Feasibility Study for the project is now scheduled to be released in May 2024, which is a slight delay to previous guidance of Q1 2024. The delay seems to be attributed to efforts to increase the accuracy of the capex estimates included in the study, with management indicating, "Results were recently presented to the Company, which were in line with guidance and expectations, however certain aspects of the study require additional work to meet the standard of accuracy expected at a feasibility level study."

Despite this minor delay, construction permits remain on schedule and are anticipated to be granted in early Q3 2024. In the near term, investors remain 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, the DFS will be a key catalyst to bringing in a strategic investor and incremental funds.

Maintain SPEC BUY; upgrade to C\$3.25/sh target price: We have updated our estimates to include an in situ value for Salinas of C\$106 million (85% basis) based on US\$250/t LCE. This is more than double our previous valuation for Salinas of C\$50 million. As a result, our NAVPS has increased \$C\$3.22, and we are increasing our target price to C\$3.25/sh (from C\$3.00/sh). Our target price remains based on 1.0x NAV, measured as at April 1, 2024. LTH currently trades at 0.24x NAV, an attractive discount to Li developer peers at 0.45x. We expect LTH to re-rate higher over the next 12 months as management looks to publish a Feasibility Study for Bandeira, bring on a strategic partner, as well as publish a PEA and updated MRE for Salinas.

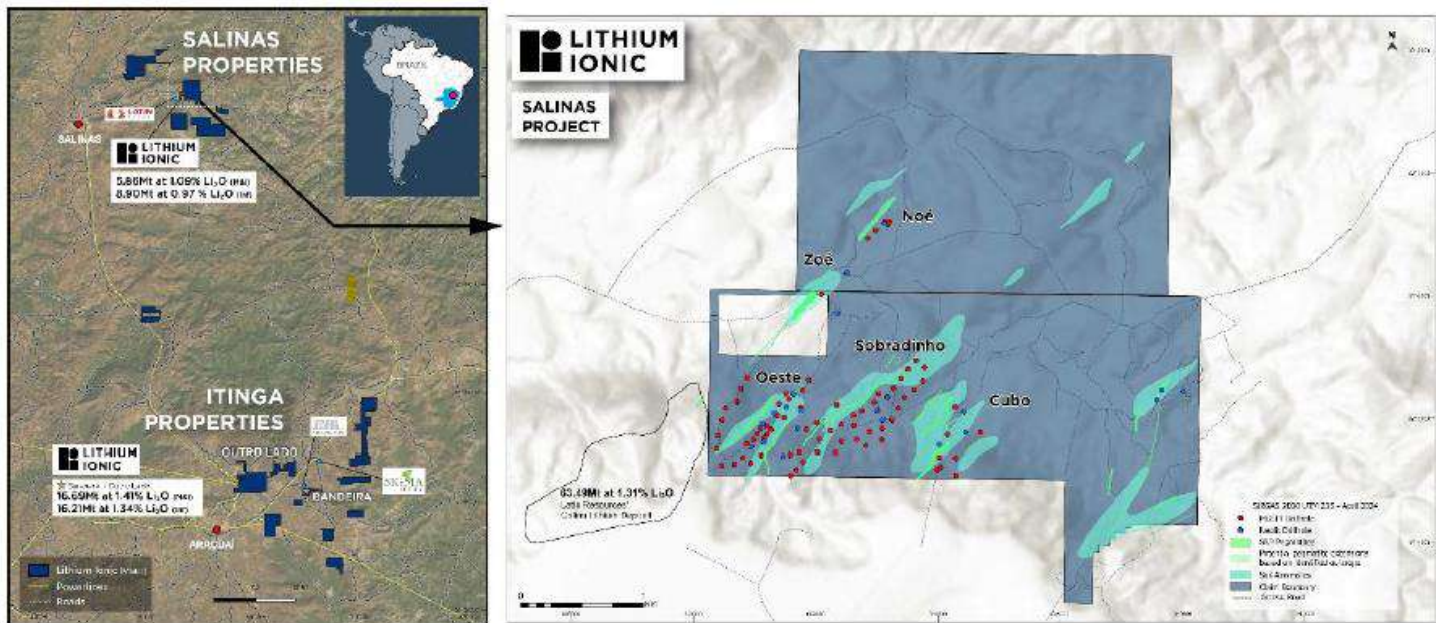
Figure 1: Salinas maiden mineral resource estimate

Deposit / Cut-Off Grade	Category	Resource (tonnes)	Grade (% Li ₂ O)	Contained LCE (t)
Salinas Open-Pit* (0.5% cut-off)	Measured	940,000	1.22	28,360
	Indicated	3,140,000	1.11	86,194
	Measured + Indicated	4,080,000	1.14	114,554
	Inferred	5,540,000	0.99	135,634
Salinas Underground (0.5% cut-off)	Measured	170,000	0.93	3,910
	Indicated	1,610,000	1.01	40,213
	Measured + Indicated	1,780,000	1.00	44,123
	Inferred	3,360,000	0.95	78,938
TOTAL	Measured	1,110,000	1.18	32,270
	Indicated	4,750,000	1.08	126,407
	Measured + Indicated	5,860,000	1.09	158,678
	Inferred	8,900,000	0.97	214,572

(*) SR limited to 18

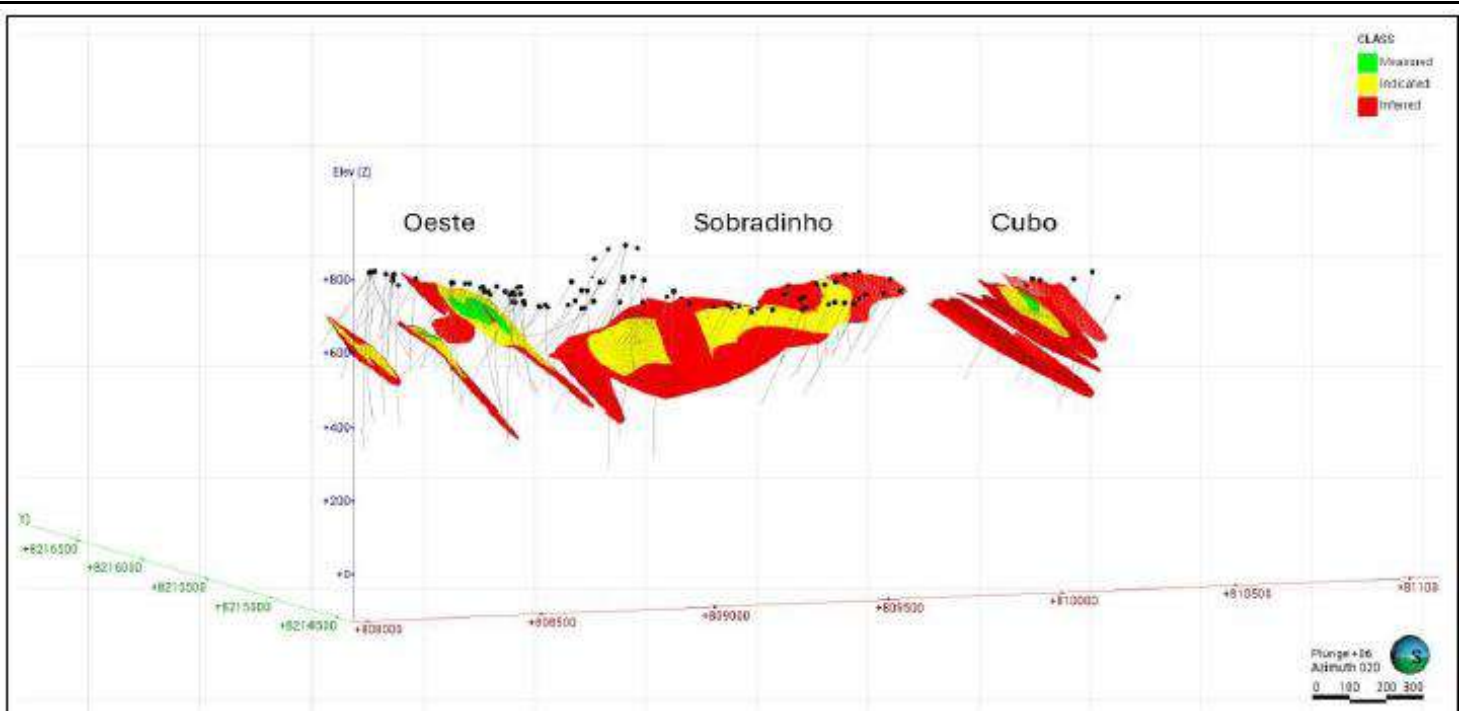
Source: Company Reports

Figure 2: Salinas project map



Source: Company Reports

Figure 3: Isometric view of the Salinas deposit



Source: Company Reports

Figure 4: NAV Breakdown - as at April 1, 2025

	Disc. Rate	C\$ MMs	C\$/sh	%
Itinga	11.5%	1,006	\$2.83	100%
Other		0	\$0.00	0%
Total Asset Level Cash Flows		1,006	\$2.83	100%
Itinga - in situ		0	\$0.00	
Salinas - in situ		106	\$0.30	
Cash & Equivalents		202	\$0.57	
Future Equity Issuances		4	\$0.01	
Working Capital (ex. Cash and Debt)		(6)	(\$0.02)	
Total Debt		(20)	(\$0.06)	
Corporate SG&A	8.0%	(151)	(\$0.42)	
Corporate tax adjustment	8.0%	0	\$0.00	
Net Asset Value		1,142	\$3.22	
Net Asset Value per share			\$3.22	

CG share count as at April 1, 2025	348.7
Shares issued from equity raises	6.4
Fully funded share count	355.1

Source: Company Reports, Canaccord Genuity estimates

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Investment Recommendation

Date and time of first dissemination: April 04, 2024, 17:45 ET

Date and time of production: April 04, 2024, 17:45 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 04/04/24)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	606	65.94%	22.28%
Hold	135	14.69%	9.63%
Sell	13	1.41%	15.38%
Speculative Buy	156	16.97%	48.08%
	919*	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.

Given the inherent volatility of some stocks under coverage, price targets for some stocks may imply target returns that vary temporarily from the ratings criteria above.

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

Risk Qualifier

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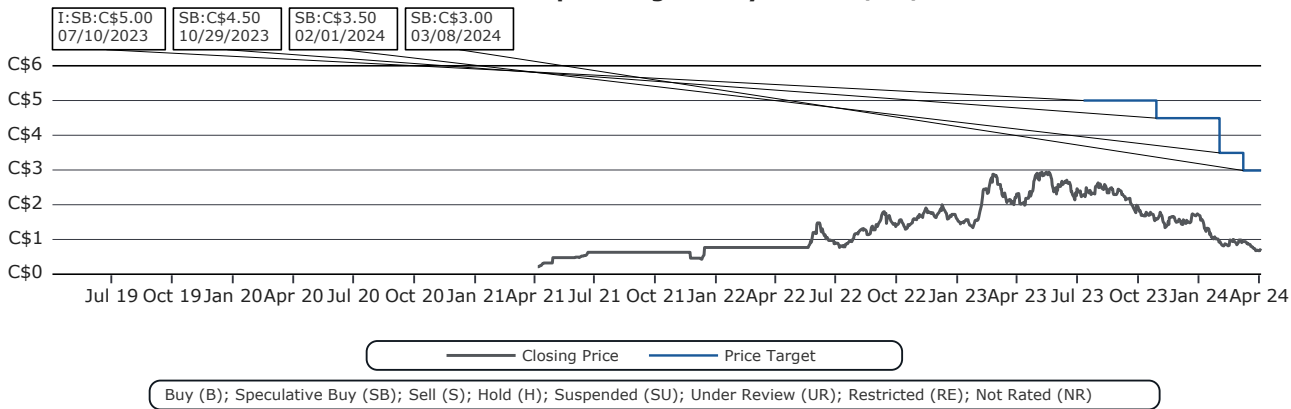
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An analyst has visited the material operations of Lithium Ionic Corp.. No payment was received for the related travel costs.

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 04/03/2024



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