

# Lithium Ionic Corp.

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**Rating: Buy, Risk: Speculative, Target: C\$4.50**

LTH C\$0.71, TSX-V

## ***Maiden mineral resource estimate at Salinas lithium project increases LTH's global resources by 45%***

This afternoon, LTH released an initial mineral resource estimate of 14.8mt (1.02% Li<sub>2</sub>O) for the Salinas project in Minas Gerais, Brazil. This grows LTH's consolidated resource by 45% to 47.8mt. The Salinas resource estimate comprises 5.9mt grading 1.09% Li<sub>2</sub>O in the M&I category and 8.9mt at 0.97% Li<sub>2</sub>O in the inferred category. Approximately 65% of the Salinas resource estimate is considered open pit.

**With 14.8mt, Salinas is off to a solid start and primed for growth.** Tonnes compare favourably with our previously stated view that 10mt (or more) was initially achievable. In our view, this more than offsets grades being lower than we had envisioned. In addition, we believe that Salinas should grow in tonnes and grades, thanks to further drilling activity. The initial resource estimate is based on 27,030m drilled at Salinas between May and November 2023, and we note that: (1) 6,000m have been drilled since; and (2) the current drill program calls for 50,000m in 2024 across several properties. Based on initial drilling outside of the mineral resource area, consultancy GE21 has identified a target (called Noé) as having strong near-term potential to further increase the mineral resource estimate by 10–15mt with grades ranging from 1.0–1.3% Li<sub>2</sub>O following the completion of additional drilling.

**We expect the coming months to be busy.** In addition to the release of a **feasibility study for the Bandeira project** in May 2024, we highlight the receipt of **construction permits** (LTH is aiming for early 3Q24) as an important milestone to keep Bandeira on track for first production in late 2025/early 2026. A **PEA, updated resource estimate and environmental impact assessment for Salinas** are expected to be completed in 2H24, 4Q24 and 1Q25, respectively. Finally, we believe that LTH's valuation (0.13x P/NAV vs peers at 0.28x) would benefit from the removal of a near-term **funding** overhang (the most recent update on the cash position was ~C\$10m vs C\$23m at the end of September 2023), especially if this can be accomplished in a way that limits or avoids dilution. Our model includes a C\$20m equity raise by mid-2024 (although we believe a non-dilutive avenue is a possibility) to support continued advancement of projects until a financing plan is implemented for construction at Bandeira (the PEA highlighted capex of US\$233m).

We like LTH's quick path to production in a mining-friendly jurisdiction, proximity to producers (Sigma and CBL) and infrastructure, the PEA showing low capex and operating costs at Bandeira, and potential for further resource growth.

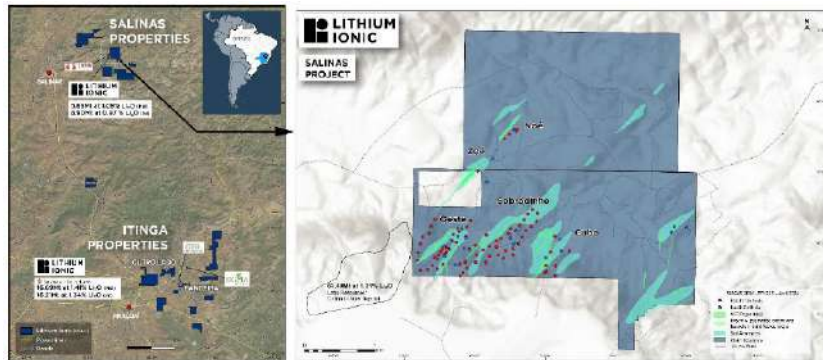
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Exhibit 1: Salinas mineral resource estimate

Deposit / Cut-Off Grade	Category	Resource (tonnes)	Grade (% Li2O)	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

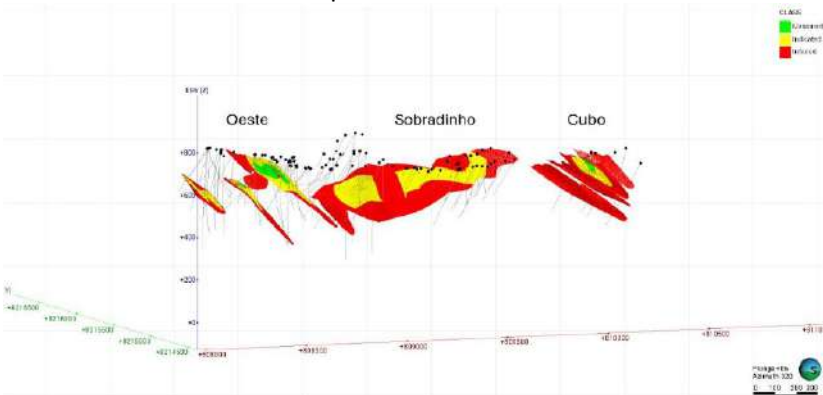
Source: Company report

Exhibit 2: Salinas project location



Source: Company report

Exhibit 3: Isometric view of the Salinas deposit



Source: Company report

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<b>Total</b>		<b>162</b>	<b>100</b>	<b>127</b>	<b>100</b>

**Lithium Ionic Corp. Rating History as of 04-03-2024**

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**Chart legend:** TP: Top Pick, B: Buy, H: Hold, S: Sell, NR: Not Rated, I: Company initiation, T: Transfer of coverage, S: Coverage suspended, DC: Coverage dropped

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