



Lithium Ionic

LTH-TSXV

 Rating
Outperform(S)

 Price: Oct-7
\$0.89

 Target
\$1.25

 Total Rtn
40%

Bandeira Drilling Hits Thickest Intercept to Date

Bottom Line:

LTH announced Bandeira drill results intercepting (1) 64.7m at 1.39% Li2O from 35m, including 22m at 1.67% Li2O, and (2) 13.0m at 1.11% Li2O, including 5m at 1.51% Li2O. In our view, these results continue to highlight the exploration potential at the property and could potentially provide for optimization opportunities, such as mine plan optimization and bringing forward higher-grade material earlier in the Bandeira mine life. LTH is one of our preferred lithium developers.

Key Points

Bandeira drilling intersects thickest mineralized zone to date. Hole 24-276 returned 64.7m at 1.39% Li2O from 35m, including 22m at 1.67% Li2O, and 20m at 1.62% Li2O, and Hole 24-266 returned 13.0m at 1.11% Li2O, including 5m at 1.51% Li2O ([link to plan view of intercepts](#)). In our view, these results could support potential upside opportunities at Bandeira beyond the feasibility study, namely: (1) incorporating resources defined after the feasibility study cut-off date, which could extend mine life, (2) upgrade and incorporate near-surface inferred resources to smooth the production profile, and (3) optimize mine plan to potentially bring forward processing of higher-grade material.

LTH is one of our preferred lithium developers. Lithium Ionic's recently released feasibility study on its Bandeira project outlined a low capital (BMOe of ~US\$290M) project, and with a well-understood permitting process and second-mover advantage by following the path taken by the neighbouring Sigma Lithium project as an example, Lithium Ionic has the potential to be first to production amongst developers under our coverage. In addition, the company has a large under-explored land package with the potential to further grow the current resource base, and recently consolidated ownership of the Salinas project, a second development project in its pipeline with a PEA expected in H2/24. LTH is trading at ~US\$40/t LCE, below the peer median of ~US\$60/t LCE.

Target price is based on a 0.60x multiple of our 8% NAVPS of C\$2.28/sh, which includes C\$50M of exploration credit at Salinas valued at US\$50/t LCE. We assume a long-term 6% spodumene price of US\$1,500/t (2026+).

This report was prepared by an analyst(s) employed by BMO Nesbitt Burns Inc., and who is (are) not registered as a research analyst(s) under FINRA rules. For disclosure statements, including the Analyst Certification, please refer to page(s) 2 to 5.

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Company Description

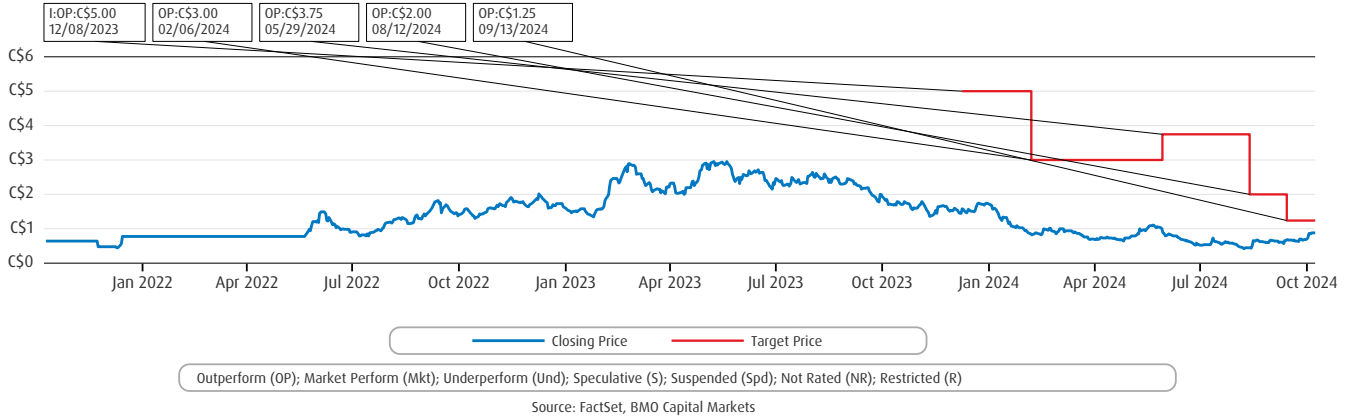
Lithium Ionic Corp. is a hard rock lithium developer focused on advancing its two 100%-owned projects, the feasibility-stage Bandeira project and the Salinas project, located in Minas Gerais State, Brazil. LTH is targeting first production from Bandeira in 2026.


 LTH-TSXV
 Research


Glossary


 Company
 Models

Lithium Ionic Corp. Rating History as of 10/07/2024



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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) Permitting Risk. Delays in advancing the Bandeira project through permitting in a timely manner could impact our assumed production start date and negatively impact our NAV per share estimate. 2) Financing Risk. Inability for the company to secure the financing required to advance its development plans along its anticipated timeline could impact our modelled start date, and if significant equity capital is raised it could introduce dilution to shareholders. 3) Stage of development. The Salinas project is early-stage and its ability to continue growing and improving the confidence of the resource base and defining the project economics is a key aspect to the company's growth story, in our view. 4) Geological risk. 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) Commodity price risk. Weakness in lithium and spodumene demand and commodity prices could negatively impact share price performance.

Distribution of Ratings (October 07, 2024)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	52.0 %	24.0 %	58.0 %	56.8 %	65.4 %	57.7%
Hold	Market Perform	45.8 %	18.3 %	39.0 %	42.0 %	33.3 %	37.5%
Sell	Underperform	2.2 %	30.0 %	3.0 %	1.2 %	1.2 %	4.8%

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~ As of April 1, 2019.

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(S) = Speculative investment;

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(April 2013 - October 2016)

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

(January 2010 - April 2013)

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