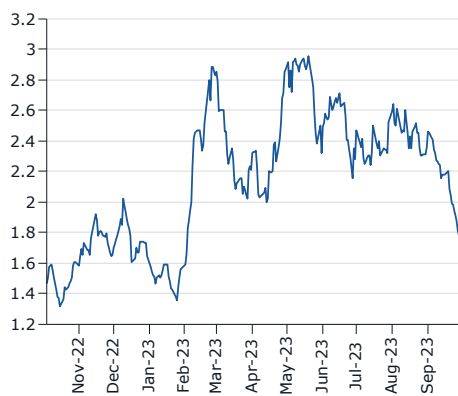


Rating
SPECULATIVE BUY

 Price Target
C\$5.00
LTH-TSXV

 Price
C\$2.00
Market Data

52-Week Range (C\$) :	1.27 - 3.05
Avg Daily Vol (000s) :	411.50
Shares Out. (M) :	119.7
Market Cap (C\$M) :	239.4
Dividend /Shr (C\$) :	0.00
Dividend Yield (%) :	0.0



LTH

Source: FactSet

Priced as of close of business 2 October 2023

Lithium Ionic is an exploration and development company that is steadily advancing its flagship Itinga project (19.4Mt at 1.42% Li₂O and growing) in Minas Gerais state, Brazil, in addition to the earlier stage Salinas project.

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Itinga site visit: key takeaways

Last week, we visited Lithium Ionic's Itinga project in the Araçuaí Pegmatite District in Minas Gerais state, Brazil. This was our second trip to site following a visit earlier this year. The tour was hosted by LTH's local executive team, including Helio Deniz, the company's President. Our key takeaways from the site visit are detailed below.

Further expansion upside at Bandeira: Lithium Ionic's Itinga project is currently host to a mineral resource estimate of 19.4Mt at 1.42% Li₂O, as at June 24, 2023, with the Bandeira deposit alone accounting for ~84% of this (16Mt at 1.41% Li₂O). In our view, there is upside to this estimate, as it was based on only ~15 months of drilling or 28,204m. Since the MRE cut-off, LTH has drilled another ~14,000m, the results of which are expected to be included in an updated resource estimate alongside a Preliminary Economic Assessment in early Q4 and Feasibility Study before year-end. Based on the drill results released to date, we view an additional 10Mt as likely, bringing the total MRE for Itinga closer to 30Mt. Furthermore, the Bandeira deposit still remains open at depth, with recent results confirming a 250m down-dip extension of a large and widening pegmatite.

Preliminary Economic Assessment - CG expectations: LTH expects to release the results of a maiden PEA imminently (CGe mid-October). Our preliminary expectations for the Bandeira project include:

- An underground mine (similar the neighbouring CBL lithium mine, ~500m away),
- 1.5Mt per year ROM (run of mine),
- Average annual production of up to 250kt spodumene concentrate,
- Operating costs (mining + processing + G&A) between US\$80-US\$100/t processed,
- Initial capex of ~US\$150 million; we continue to model first production at Bandeira in 2027 (perhaps too conservative?).

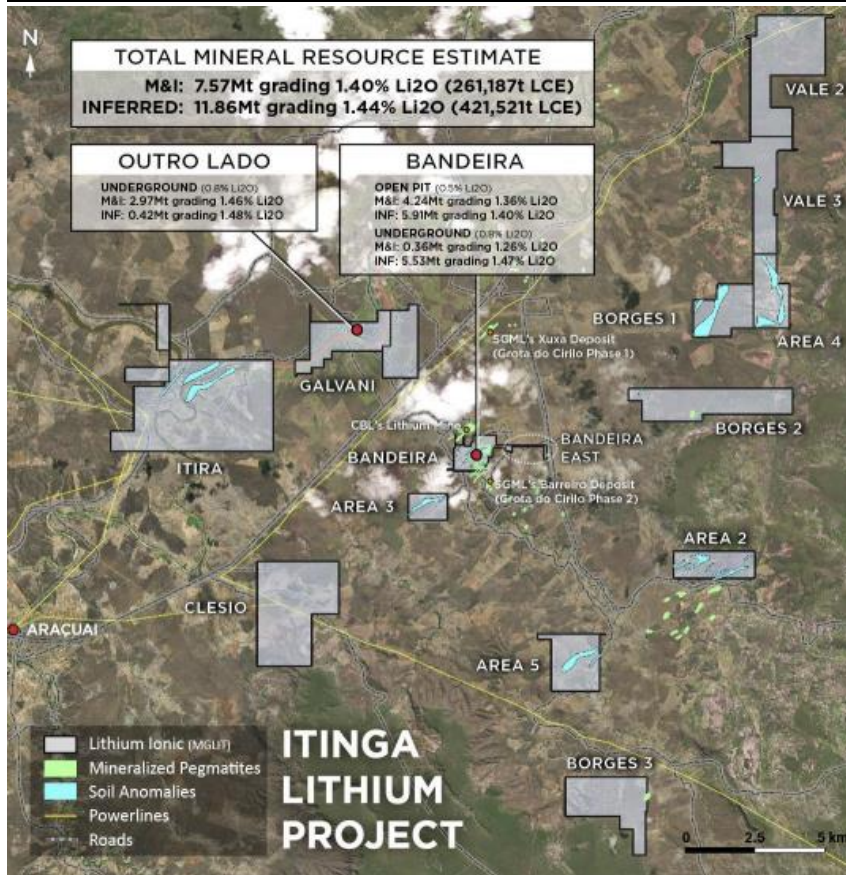
Our high-level operating parameters are based on discussions with management, with capex/opex based on peer benchmarking (LRS, SGML). A Feasibility Study is also underway (being completed by SNC-Lavalin) with completion targeted for before year-end.

Potential synergies with the neighbouring CBL mine? When we visited Lithium Ionic's Bandeira site, we got a real feel for the proximity of the Companhia Brasileira de Lítio (CBL)'s Cachoeira lithium mine (Figure 2). The CBL mine has been in operation for over 30 years, and is currently producing at a rate of ~42ktpa of spodumene concentrate, and also has small downstream chemical capabilities (LiOH and Li₂CO₃). In our view, the proximity of CBL and its successful operation and community support provides a good precedent for LTH's ability to acquire permits to operate as an underground mine. Furthermore, we believe there could be considerable synergies between the two projects given their technical teams and combined land package (future M&A?).

Permitting on the fast track: Based on our discussions with management, permit timelines are progressing to plan. This includes potential receipt of the Concomitant Environmental and Installation License (LAC) by April/May of next year (2024) allowing for construction to commence. As a reminder, LTH received priority status from the State in July for both the Itinga and Salinas projects, which should serve to streamline the various permitting and licensing processes. In our view, this increases our confidence in LTH's permitting timelines (which do seem quite quick). Furthermore, we highlight Governor Romeu Zema's speech at our inaugural LatAm Conference in São Paulo last week which emphasized the development of Lithium Valley and a desire to accelerate permitting and project development.

SPEC BUY; C\$5.00/sh target price: Our estimates remain unchanged at this time. LTH currently trades at 0.41x NAV, at a discount to peers. **Potential upcoming catalysts** include results from the ongoing 50,000m drill program, a mineral resource update at Itinga and Salinas, Itinga PEA (Q4) and a Definitive FS (before YE).

Figure 1: Itinga project map



Source: Company Reports

Figure 2: View of CBL lithium mine ~500m from Bandeira



Source: Canaccord Genuity

Figure 3: Bandeira core



Source: Canaccord Genuity

Figure 4: Bandeira core



Source: Canaccord Genuity

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: October 02, 2023, 16:56 ET

Date and time of production: October 02, 2023, 16:56 ET

Target Price / Valuation Methodology:

Lithium Ionic Corp. - LTH

Our target price is based on 1.0x NAV, measured as at July 1, 2024.

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 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 10/02/23)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	617	66.99%	23.18%
Hold	121	13.14%	10.74%
Sell	14	1.52%	7.14%
Speculative Buy	159	17.26%	47.17%
	921*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

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

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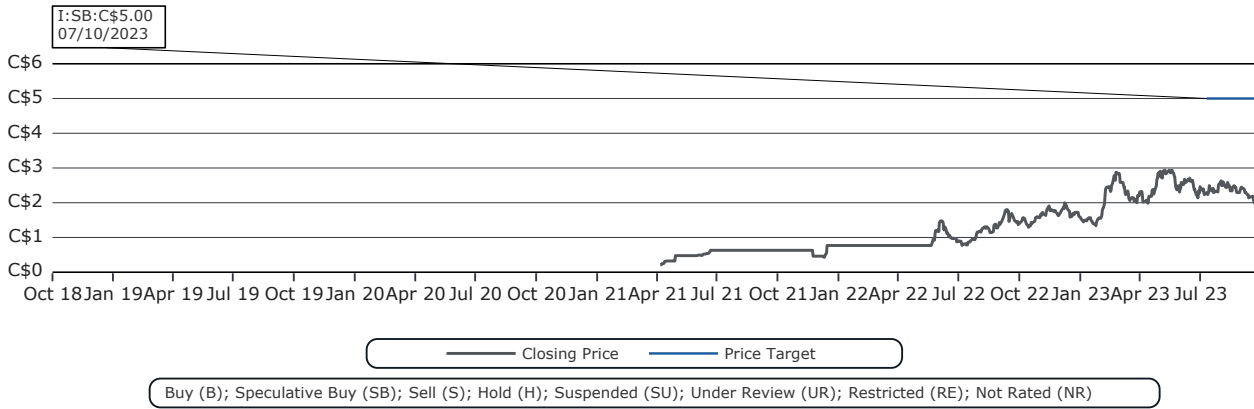
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An analyst has visited the material operations of Lithium Ionic Corp.. No payment was received for the related travel costs.

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 09/29/2023



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