Date: November 16, 2023

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Lithium Ionic Corp. (individually or collectively with its subsidiaries, as applicable, "**Lithium Ionic**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the three and nine months ended September 30, 2023. The MD&A should be read in conjunction with the audited consolidated financial statements and MD&A for the year ending December 31, 2022. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 3 of the annual audited consolidated financial statements as at and for the year ended December 31, 2022 for disclosure of the Company's significant accounting policies.

Additional information about the Company may be found on SEDAR at www.sedar.com.

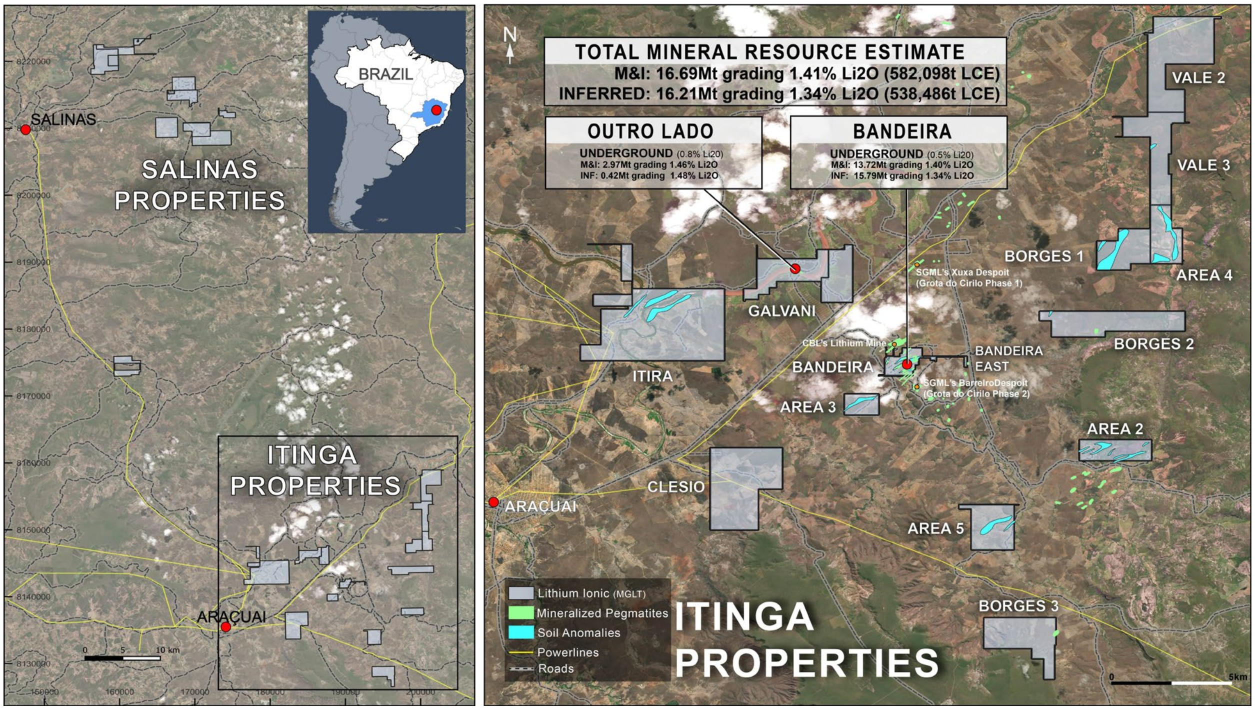
The scientific and technical contents of this MD&A have been reviewed and approved by Carlos H.C. Costa, P.Geo (APGO), Qualified Person under National Instrument 43-101 ("**NI 43-101**").

The Board of Directors of the Company has reviewed this MD&A and the consolidated financial statements for the three and nine months ended September 30, 2023, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

Lithium Ionic Corp. is a publicly traded Canadian exploration and development company listed on the TSX Venture Exchange ("**TSXV**"). The Company is engaged in the acquisition, exploration, and development of mineral properties with a primary focus on exploring in Brazil. Exploration is conducted through the Company's wholly owned Brazilian subsidiaries, MGLIT Empreendimentos Ltda. ("**MGLIT**") and Neolit Minerals Participacoes Ltda ("**Neolit**"). Through MGLIT, the Company has a 10% ownership interest in Valitar Participações S.A.("**Valitar**"), a special purpose vehicle incorporated in Brazil for the purpose of acquiring surface rights.

Summary of Properties and Projects



Mineral Exploration Properties

The Company holds certain property interests for lithium exploration in Minas Gerais State (MG) in Brazil.

Itinga Properties

Bandeira Project

On December 23, 2020, MGLIT acquired seven mineral licenses from Falcon Metais Ltda covering more than 1,300 hectares in the prolific Aracuai lithium province. A portion of the project occurs immediately south of the CBL lithium mine and plant, Brazil's only lithium producer, and immediately north of the large Barreiro and South Xuxa lithium deposits of Sigma Lithium Corp. Sigma's estimated mineral resources, based on its technical reports prepared pursuant to National Instrument 43-101, exceed 86 million tonnes of lithium oxide (Li_2O) mineralized pegmatite in four deposits. The Company reported a maiden resource estimate for the Bandeira Project in June 2023 and an updated resource in conjunction with a Preliminary Economic Assessment ("**PEA**") in October 2023. (See Mineral Resources and Preliminary Economic Assessment.)

Galvani Mining Licenses

In September 2022, the Company completed the acquisition of a 100% ownership interest in two lithium mining licenses (the "**Licenses**") in Minas Gerais, Brazil from Galvani Nordeste Mineracao Ltd. ("**Galvani**") through its wholly-owned subsidiary, MGLIT. This includes the Outro Lado Project on which a maiden resource estimate was reported in June 2023. (See Mineral Resources.)

The two large Licenses are located approximately 2 km to the west of the large Xuxa lithium deposit of Sigma Lithium and approximately 3 km to the northwest of the CBL lithium mining operation. Mineralized pegmatites have been identified on the Licenses.

Pursuant to the agreement to acquire the Licenses, Lithium Ionic paid to Galvani:

- USD$100,000 ($129,400) on execution of the Agreement in June 2022; and
- USD$3,210,000 ($4,210,397) on closing of the Transaction in September 2022.

If during the 18 months following the closing of the acquisition, the Company, through an independent qualified person defines an inferred mineral resource estimate of a minimum of 5Mt with a Li_2O content above 1.3%, the Company shall, at Galvani's discretion, (i) issue such number of Lithium Ionic shares equal to USD$2 million calculated using the 7 day VWAP of the Lithium Ionic shares on the TSXV ending on the effective date of the technical report evidencing such mineral resource estimate, subject to a minimum price per Lithium Ionic share of $0.904 and a maximum total issuance of 2,844,912 Lithium Ionic shares, or (ii) pay USD$2 million in cash to Galvani on the effective date of the technical report evidencing such mineral resource estimate.

<u>Borges claims</u>

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,527 hectares from Mineracao Borges Ltda. These claims are located along trend with known lithium deposits including CBL's deposit and Sigma Lithium's Xuxa and Barreiro deposits.

Upon closing, the Company paid R$500,000 ($129,133) upon execution of the conveyance documents transferring the clams to MGLIT. Upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li_2O content over 1.3% within 18 months of closing, the Company shall pay an additional R$15,000,000 (approximately $3,850,000) to the vendor.

<u>Vale claims</u>

In January 2023, the Company, through MGLIT, entered into a binding share purchase agreement with Exotic Mineração Ltda. ("**Exotic**"), pursuant to which MGLIT has the option to acquire up to a 100% equity interest in Vale Do Litio Mineracao Ltda. ("**Vale Litio**"). Vale Litio has a 100% beneficial ownership interest in 3 lithium mining claims in Minas Gerais covering 3,140 hectares. The first of three claims cover 1,738 hectares and is located adjacent to the Galvani target. The other two claims are located in the northeastern portion of the prospective Araçuai-Itinga Pegmatite region.

Pursuant to the terms of the agreement, in January 2023 the Company acquired an initial 2.78% equity ownership interest in Vale Litio by paying R$900,000.00 ($233,000) in cash to Exotic. Lithium Ionic may acquire the following ownership interests in Vale by making the following payments to Exotic:

- R$500,000 ($129,947) in cash to acquire an additional 1.54% equity ownership in Vale on or before February 20, 2023 (paid in February 2023);
- R$500,000 (approximately $130,000) in cash to acquire an additional 1.54% equity ownership in Vale on or before July 20, 2023 (paid July 2023);
- R$500,000 (approximately $130,000) in cash to acquire an additional 1.54% equity ownership in Vale on or before February 20, 2024; and
- R$30,000,000 (approximately $7,800,000) in cash to acquire the remaining 92.60% equity ownership in Vale on or before July 20, 2024.

As of the date hereof, the Company has a 3.08% equity ownership interest in Vale Litio.

If the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale Claims of at least six million tons with an average content greater than 1.30% Li2O, the Company shall pay Exotic a cash bonus of R10,000,000.00 (approximately $2,600,000). The Company may terminate the Agreement at any time without incurring any additional financial penalties.

Clesio Claim

In February 2023, the Company entered into a binding asset purchase agreement with Clésio Alves Gonçalves Mineraçao E Comercio Ltda ("**Clesio**") pursuant to which MGLIT has acquired a strategic mining claim covering 1,000 hectares in Minas Gerais state, Brazil.

Pursuant to the terms of the agreement, the Company has paid R$500,000 ($129,947) in cash to Clesio to acquire the claim. If the Company establishes a NI 43-101 compliant mineral resource estimate on this claim of at least two million tons with an average content greater than 1.30% Li2O within 30 months of acquiring the claim, the Company shall pay Clesio a cash bonus of USD$1 million (approximately $1,360,000).

If the Company establishes a NI 43-101 compliant mineral resource estimate on the claim of at least five million tons with an average content greater than 1.30% Li2O within 48 months of acquiring the claim, the Company shall pay Clesio an additional cash bonus of USD$1 million (approximately $1,360,000).

Salinas Properties

Neolit acquisition - Salinas Claims

In March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("**Neolit**"), a Brazilian company which owns a 40% interest in the Salinas Project and has the right, subject to certain exploration commitments, to acquire up to an 85% ownership interest in the Salinas Project. Pursuant to the purchase agreement, the Company paid a cash payment of US$2,031,005 ($2,797,709) on closing, as well as a cash payment of US$2,570,767 ($3,541,232) to settle all existing liabilities of Neolit on closing. As well, the Company issued 4,000,000 common shares of the Company and 1,500,000 common share purchase warrants to the vendor. These warrants are exercisable at a price of $2.25 for a period of three years and only vest if the Company establishes an independent NI 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li_2O. A final cash payment of US$1,500,000 (approximately $2,040,000) is due on the 18-month anniversary of the closing of the transaction. In addition to the Salinas Project, Neolit, pursuant to a definitive agreement it has in place with an arm's length party can select from a land package of 10 tenements and acquire up to a 90% ownership interest in such claims by incurring exploration expenditures. The founder and CEO of Neolit, Dr. André Guimarães, joined the Company as VP Business Development after the acquisition.

Subsequent to September 30, 2023, the Company increased its mineral right ownership in the Salinas Project from 40% to 85% as a result of having successfully fulfilled certain exploration commitments, including R$21.3m (approximately $5.75 million) spent on exploration activities on the Salinas Project.

Exploration activity

Initial exploration activities, including mapping, geochemical and geophysical surveys, returned significant soil anomalies, which led to the discovery of lithium-bearing pegmatites confirmed by trenching and drilling.

The Company began drilling select targets in April of 2022, and to date has completed over 70,000 metres of drilling, yielding excellent results which were in line with nearby projects and established deposits.

Drilling continued into 2023 with up to eight drill rigs turning, nearly 7,000 metres per month, at the Bandeira and Galvani targets. At Bandeira, the exploration team recently discovered multiple thicker and higher-grade intercepts extending several well-mineralized lithium-bearing pegmatite veins to over 700 metres down dip, the highest encountered at Bandeira to date. The Company has identified at least twelve different NE-SW trending lithium-bearing LCT pegmatites. These mineralized bodies range from 1 to 24 metres in width and can be traced over a 1 km strike length. The average depth of the mineralized zones intersected to date is approximately 200 metres, however the Company has intersected strong lithium grades and thicknesses up to 700 metres down dip. The style of mineralization found to date, characterized by several staked pegmatite vein sets, is consistent with other nearby lithium deposits.

(in Canadian dollars, unless otherwise noted)

The Company announced a maiden NI 43-101 mineral resource estimate for the Bandeira and Galvani deposits in June 2023. SGS Geological Services ("SGS") was engaged to complete the National Instrument 43-101 ("NI 43-101") mineral resource estimate. Following this, the Company commenced a 50,000-metre expansion and definition drilling program for the second half of 2023 targeting Bandeira, the Galvani deposits, the Salinas target, as well as other prospective regional targets. In October 2023, the Company reported an updated Bandeira mineral resource estimate which formed the basis of a concurrently reported PEA. Please see Mineral Resources and Preliminary Economic Assessment below. The complete NI 43-101 technical report can be found on SEDAR+ at www.sedarplus.ca under the Company's issuer profile, as well as on the Company's website at www.lithiumionic.com.

Approximately 20,000 metres of the drilling program has been dedicated to the Salinas project. Currently, four drill rigs are turning on this property. This project is located in the lithium-rich Aracuai Pegmatite District, which hosts the largest lithium reserves in Brazil. Salinas is located approximately 100 km north of the Itinga claims. Since acquiring the Salinas project through the Neolit acquisition, the Company completed soil geochemistry to help identify priority drill targets. The current drill program aims to test and explore this highly prospective area with the aim to potentially develop a resource to expand on its existing portfolio of lithium deposits in the region.

Refer to the Company's news releases on www.sedar.com for drilling highlights and assay results for the diamond drill holes completed to date.

Metallurgical tests were carried out on two-20kg samples from the Bandeira and Galvani targets to test the recovery of lithium from spodumene ore and to evaluate the recovery processes. Initial results reported excellent lithium recoveries of 77.99% at Bandeira and 82.52% at Galvani, producing a high-quality lithium concentrate of 6% with low iron content. The Company will complete additional metallurgical test work, including a pilot plant circuit, during 2023

A summary of exploration activity is presented below:

Activity	Accumulated	Comments
Soil Samples	4,981	
Rock Samples	207	
Cut Lines (Km)	93.38	
Geological Mapping (Km)	153	
Geological Trench Mapping (Km)	3,246	
Geological Garimpos Mapped	35	
Ground Geophysics (km)	14.59	
Galvani Diamond Drilling (m)	7,954	66 DDH Completed
Bandeira Diamond Drilling (m)	46,526	235 DDH Completed
Salinas Diamond Drilling (m)	22,533	110 DDH Completed

(in Canadian dollars, unless otherwise noted)

Mineral Resource Estimate

On June 27, 2023, the Company announced its maiden NI 43-101 compliant mineral resource estimate on the Bandeira Project, which was prepared by SGS. These deposits are estimated to contain Measured and Indicated resources of 7.57Mt grading 1.40% Li2O, containing 261,187 tonnes of Lithium Carbonate Equivalent ("LCE"), the benchmark equivalent raw material used in the lithium industry, as well as Inferred resources of 11.86Mt grading 1.44% Li2O in the Inferred category, or 421,521 tonnes of LCE

On October 19, 2023, the Company announced an updated NI 43-101 mineral resource estimate for Bandeira based on 204 diamond drill holes conducted on the Bandeira Project until August 30, 2023. This compares to drill data from 120 holes in the June 2023 mineral resource estimate. This additional drilling significantly expanded the MRE, with the tonnes in the Indicated category increasing by 196% compared to the previous estimate.

Updated Mineral Resource Estimate for the Bandeira Project				
Deposit / Cut-Off Grade	Category	Resource (tonnes)	Grade (% Li2O)	Contained LCE (t)
Bandeira (0.5% Li2O)	Measured	2,200,000	1.40	69,226
	Indicated	11,720,000	1.40	405,666
	Measured + Indicated	**13,920,000**	**1.40**	**474,892**
	Inferred	**15,790,000**	**1.34**	**523,118**

Maiden Mineral Resource Estimate for the Outra Lado Project				
Deposit / Cut-Off Grade	Category	Resource (tonnes)	Grade (% Li2O)	Contained LCE (t)
Outro Lado (Galvani) Underground (0.8% Li2O)	Measured	2,577,915	1.47	93,691
	Indicated	393,370	1.43	13,908
	Measured + Indicated	**2,971,285**	**1.46**	**107,599**
	Inferred	**415,767**	**1.48**	**15,168**

1. The spodumene pegmatite domains were modeled using composites with Li2O grades greater than 0.3%
2. The mineral resource estimates were prepared in accordance with the CIM Standards, and the CIM Guidelines, using geostatistical and/or classical methods, plus economic and mining parameters appropriate to the deposit.
3. Mineral Resources are not ore reserves and are not demonstrably economically recoverable.
4. Grades reported using dry density.
5. The effective date of the MRE was October 11, 2023.
6. The MRE numbers provided have been rounded to the estimate relative precision. Values cannot be added due to rounding.
7. The MRE is delimited by Lithium Ionic Bandeira Target Claims (ANM).
8. The MRE was estimated using ordinary kriging in 12m x 12m x 4m blocks.
9. The MRE report table was produced in Leapfrog Geo software.
10. The reported MRE only contains fresh rock domains.
11. The MRE was restricted by grade shell using 0.5% Li2O cut-off.

Preliminary Economic Assessment ("PEA") – Bandeira Project

The PEA was completed by an independent Brazilian consultant, GE21 Consultoria Mineral Ltda ("GE21"), and indicates that Bandeira has the potential to be a viable and highly economic mining project and a substantial and long-life producer of low-cost spodumene concentrate. It is based on the mineral resource for Bandeira summarized above.

(in Canadian dollars, unless otherwise noted)

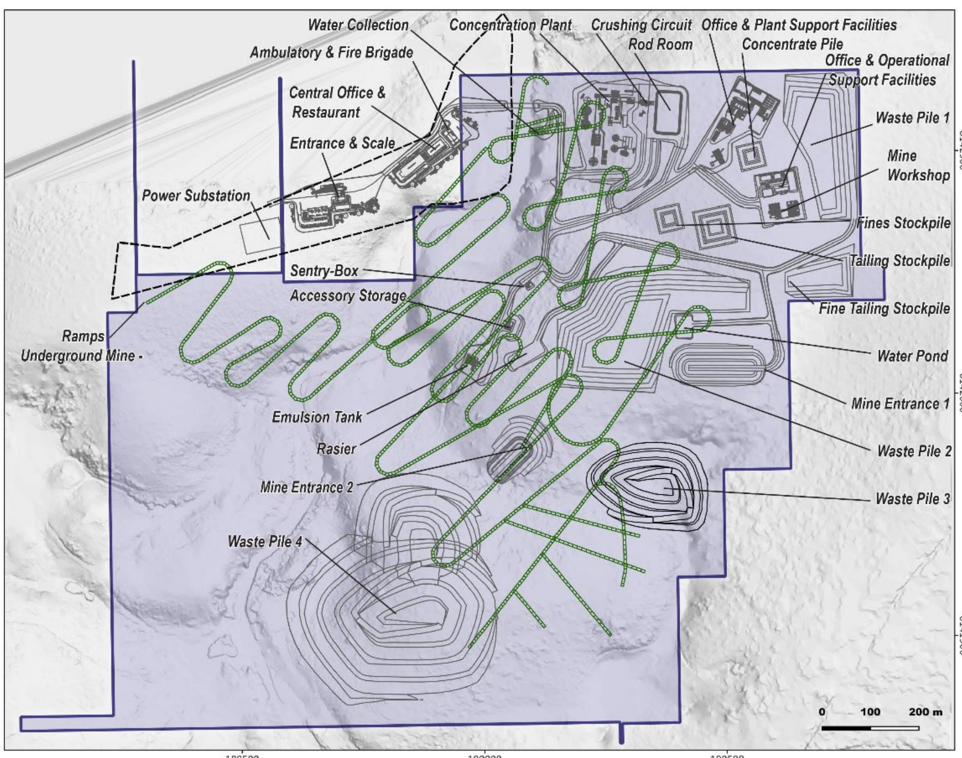
Project Economics	
Post - Tax NPV8	$1.6 billion
Post - Tax IRR	121%
Pre - Tax NPV8	$2.3 billion
Pre - Tax IRR	163%
Annual Revenue – Average	$337 million
Annual Free Cash Flow	$243 million
Payback	14 months
Economic Assumptions & Parameters	
SPO 5.5% Li2O Price, CIF China	$1,859/t
SPO 3.0% Li2O Price, CIF China	$865/t
Exchange rate	US$5.00 /R$
Discount Rate	8%
Production Profile	
Total Project Life (LOM)	20 years
Total LOM production (ore mined)	22.9 Mt
Nominal Plant Capacity	1.3 Mtpa
Average plant throughput	1.26 Mtpa
Run-of-Mine grade, Li2O (ore diluted)	1.23%
Run-of-Mine underground mine dilution	16.80%
Waste generation Average	439 ktpa
SPO Annual Production @ 5,5% Li2O	187 ktpa
SPO Annual Production @ 3,0% Li2O	56 ktpa
SPO Annual Production @ 5.5% Li2O Equivalent	218 ktpa
SPO 5,5% Li2O metallurgical recovery	67.00%
SPO 3,0% Li2O metallurgical recovery	10.70%
SPO 5,5% Li2O mass recovery	15.20%
SPO 3,0% Li2O mass recovery	4.50%
Project Capital Costs	
Mine (Development + Equipment's + Pre-Production)	$72.5 million
Plant	$80.5 million
Environmental	$2.9 million
Engineering Services	$20.0 million
General Infrastructure & Others	$10.3 million
Contingency (25%)	$46.6 million
Total Capital Cost Estimate	$232.8 million
SUDENE Incentive tax benefit over first 10 years	75%

(in Canadian dollars, unless otherwise noted)

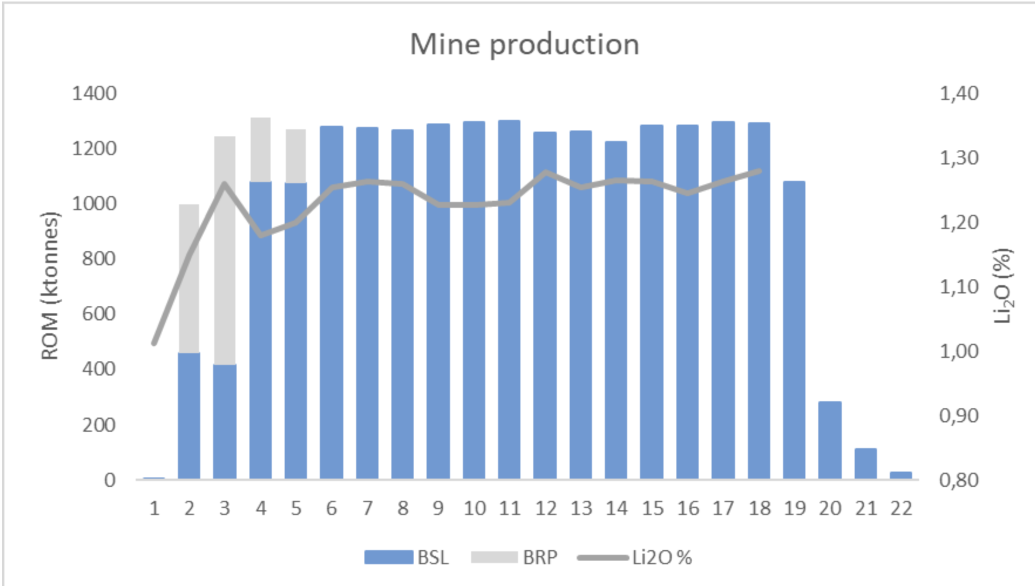
Operating Costs (OPEX)	
Operating costs (based on ore processed)	$61/t ore
Mining	$45/ t ore
Processing + Tailings handling	$12/ t ore
SG&A	$4/t ore
Operating costs (based on SPO 5.5 concentrate produced)	$349/t SPO 5.5E
Mining	$258/t SPO 5.5E
Processing + Tailings handling	$68/t SPO 5.5E
SG&A	$23/t SPO 5.5E
Transportation costs to customer destination *(Mine in Itinga - Araçuaí to Shanghai Port, China)*	$120/t SPO

The Bandeira project engineering design contemplates dual underground mining operations. The primary orebodies, accounting for approximately 90% of the deposit, are proposed to be extracted using a bottom-up "sublevel stoping" method (Bandeira Sublevel Mine, "BSL mine"). Simultaneously, the secondary southeast orebody, comprising approximately 1.5 million tonnes, is expected to be mined using "room-and-pillar" technique (Bandeira Room and Pillar, "BRP mine").

The BSL mine has been planned with two declines, extending along a NE/SW mineralized trend spanning 1.0 km. It is divided into 12 panels, each measuring 55 meters, and consists of two sublevels.



The BRP mine features a single panel with approximate dimensions of 380 meters in length, 330 meters in width, and 10 meters in height. Access to the ore chamber will be provided through five crosscuts originating from the southern decline. Once fully operational, the BSL and BRP mines are expected to achieve a combined production of approximately 1.3 million tonnes per annum. The following figure shows the annual plant feed along with Li2O grade.



The mineral processing flowsheet is structured around a two-stage crushing circuit (comprising a Jaw crusher and Gyratory Cone crusher), ore size classification, the implementation of an ore sorter for coarse and medium materials, and the utilization of DMS (Dense Media Separation) for coarse and medium materials. Additionally, fines are subjected to gravity concentration with spirals.

The underground mine is anticipated to yield ore with an average Li2O grade of 1.23% over the Life of Mine (LOM), accounting for dilution at 16.8%. The ore sorting process will effectively purify the ore by removing undesirable dilution and non-lithium-bearing minerals like albite, feldspar, and quartz. This enrichment process will improve the lithium oxide grade to approximately 1.50%, ensuring a higher feed for the DMS I and II units. Based on the preliminary testwork program, Li2O recovery is projected to reach 67%, with an additional 10.7% achieved through gravity concentration in the fines fraction.

The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative, geologically, to have the economic considerations applied that would enable classification as Mineral Reserves. There is no certainty that the conclusions within the PEA will be realized. The PEA is based on the material assumptions outlined in this document. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the PEA can be achieved.

No mineral reserves have been estimated for the Project. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

The Company is rapidly advancing Bandeira towards a production decision, while it continues to explore and define regional targets. The Company has commissioned an independent NI 43-101 compliant Feasibility Study for the Bandeira project, which is expected to be completed in early 2024. Permitting activities are progressing well, in parallel with the advancement of project engineering. NEO Agroambiental Ltda is completing the RCA (Environmental Control Report) and PCA (Environmental Control Plan) to support the application of a Concomitant Environmental and Installation License ("LAC", or Licença Ambiental Concomitante) for the Bandeira operation, which is expected to be submitted by the end of the year. The LAC is an accelerated permitting scenario available to projects such as Bandeira, whose mine infrastructure covers a small footprint where deforestation is not required. The LAC replaces the first two steps of the environmental licensing process: the Preliminary License (LP - Licença Prévia) and the Installation License (LI – Licença de Instalação); which precede the final Operating License (LO - Licença de Operação).

(in Canadian dollars, unless otherwise noted)

Subsequent to September 30, 2023, the Company entered into an agreement with Cemig Distribuição S.A. ("**Cemig**") to facilitate the construction and electrification of essential power infrastructure between Cemig's existing power grid and the future Bandeira lithium operation, located approximately 3 kilometers away. The agreement aligns with the Company's goal of fast-tracking Bandeira towards production and solidifies its position as a near-term lithium producer in the region by securing low-cost, renewable hydroelectric power to meet the long-term requirements of the project. Cemig is the largest electricity distributor in Brazil, serving, through its network extensions, approximately 96% of the State of Minas Gerais. The Company, through MGLIT, will directly undertake the construction of the electric connection systems, including negotiations with contractors and suppliers, as well as the purchase of materials and services, in accordance with Cemig's pre-approved list. MGLIT and Cemig will jointly manage environmental licensing and land management. The total project cost is expected to be approximately R$17 million ($4.65 million). Following completion of the project, the Company is eligible for reimbursement of up to R$2.98 million ($816,000) subject to certain requirements. The construction is scheduled to be completed by Q4 2025, with electrification scheduled for the same period (subject to specific requirements). Following the construction and a technical inspection by Cemig, the transmission lines and substation will be transferred to Cemig. The operation and maintenance of electrical infrastructure downstream of the new substation will be MGLIT's responsibility.

Liquidity and Capital Resources

As at September 30, 2023, the Company had working capital of $17,435,951 (December 31, 2022 - $30,372,297). Working capital is a Non-IFRS performance measure. In the mining industry, it is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

	September 30, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	$ 22,696,431	$ 21,492,788
Short-term investments	-	10,000,000
Amounts receivable	313,953	572,150
Prepaid expenses	560,709	426,863
	23,571,093	32,491,801
Current liabilities:		
Accounts payable and accrued liabilities	5,914,266	2,008,712
Short-term lease liability	220,876	110,792
	6,135,142	2,119,504
Working capital, current assets less current liabilities	$ 17,435,951	$ 30,372,297

Pursuant to the purchase agreement to acquire Neolit, the Company paid a cash payment of US$2,031,005 ($2,788,569) on closing, as well as a cash payment of US$2,570,767 ($3,541,232) to settle all existing liabilities of Neolit on closing. As well, the Company issued 4,000,000 common shares of the Company and 1,500,000 common share purchase warrants. These warrants are exercisable at a price of $2.25 for a period of three years and only vest if the Company establishes an independent NI 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li_2O. A final cash payment of US$1,500,000 is due on September 13, 2024. In addition to the Salinas Project, Neolit, pursuant to a definitive agreement it has in place with an arm's length party can select from a land package of 10 tenements and acquire up to a 90% ownership interest in such claims by incurring exploration expenditures.

(in Canadian dollars, unless otherwise noted)

In June 2023, the Company entered into a credit facility agreement providing a loan of R$10,000,000 ($2,697,000) to Valitar as at September 30, 2023. The purpose of the facility is to pay for the acquisition of surface rights in Brazil. Valitar is a special purpose vehicle incorporated in Brazil for the purpose of acquiring surface rights so that the Company ultimately benefits from royalties to landowners. MGLIT has a 10% interest in Valitar holding preferred shares that pass on the economic rights to the Company. The facility is repayable in full on June 2, 2026 and carries an interest rate of 1% per annum. It is anticipated that Valitar will authorize MGLIT to perform mineral activities on its properties and if MGLIT commences production, MGLIT will be required to pay a 1% royalty to Valitar.

In July 2023, the Company completed an underwritten private placement financing issuing a total of 13,690,635 common shares for gross proceeds of $28,750,334. These common shares are subject to a four-month hold period. The underwriters received a commission of 6% of the gross proceeds in addition to 821,438 broker warrants. Each broker warrant is exercisable into one common share of the Company at an exercise price of $2.10 with an expiry date of July 31, 2025. Cash share issue costs including the commission totaled $1,972,250.

During the nine months ended September 30, 2023, 3,145,564 warrants were exercised at a weighted-average exercise price of $0.35 per common share, generating proceeds of $1,108,264.

During the nine months ended September 30, 2023, 2022, 270,000 of the Company's stock options were exercised at a weighted-average exercise price of $1.20 per common share, generating proceeds of $324,000.

On February 27, 2023, the Company granted a total of 200,000 stock options to consultants of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of $2.89 per option until February 27, 2028.

During the nine months ended September 30, 2023, the Company, through its subsidiary MGLIT, entered into right-of-use lease agreements for warehouses and dormitories. These agreements are for terms of between 30 and 36 months.

Future payments for right-of-use leases and financing agreements are detailed below:

	R$	CAD$
Payments due within 1 year	940,479	253,647
Payments due in 1-3 years	942,918	254,305

Results of Operations

Three months ended September 30, 2023

During the three months ended September 30, 2023, the Company recorded a loss and comprehensive loss of $12,454,258 or $0.09 per share. During the comparative period ended September 30, 2022, net loss and comprehensive loss was $6,950,564 or $0.07 per share.

Exploration and evaluation expenses incurred during the three months ended September 30, 2023 included:

- $9,308,059 in drilling and geophysics with ongoing drilling on the project (September 30, 2022: $1,329,108)
- $137,625 related to the cost of mining licences or the acquisition of land (September 30, 2022: $4,210,882)
- $627,669 in technical work including the mineral resource estimate and the Preliminary Economic Assessment (September 30, 2022: $570,924)

In general, exploration and evaluation activities were significantly higher during the current quarter resulting in the increase for almost all cost categories. During the comparative quarter, the Company drilling activities were ramping up after completing the reverse takeover earlier that year.

Other expenses for the three months ended September 30, 2023 included:

- $671,060 in consulting and management fees (September 30, 2022: $410,537). The headcount during the current quarter was higher than the comparative quarter.
- $190,161 in shareholder communications and investor relations costs (September 30, 2022: $85,090). The increase is attributed to attendance at conferences and investor outreach programs.
- $314,196 in professional costs which includes strategic consulting (September 30, 2022: $20,779)
- $143,063 in office and general costs which includes travel costs (September 30, 2022: $33,827).

During the current quarter, $229,580 in interest income was earned primarily from GICs (September 30, 2022: $80,006).

Also during the current quarter, $82,943 was recorded in accretion of the loan receivable (September 30, 2022: $nil).

Nine months ended September 30, 2023

During the nine months ended September 30, 2023, the Company recorded a loss and comprehensive loss of $50,542,449 or $0.41 per share. During the comparative period ended September 30, 2022, net loss and comprehensive loss was $19,540,575 or $0.23 per share.

During the current period, the Company acquired Neolit and its Salinas project. This transaction was treated as an asset acquisition for accounting purposes as the requirements of IFRS 3, Business Combinations, were not met. As the Company's accounting policy is to expense property acquisitions, an amount of $19,548,788 was recorded as an acquisition of property and included in exploration and evaluation expenses.

Also during the current period, the Company provided a loan to Valitar of R$10,000,000 ($2,752,000) and discounted the loan to fair value upon initial recognition at a discount rate of 20%. A fair value adjustment of $961,645.was recorded to exploration and evaluation expenses as part of mineral licences and land acquisitions as this transaction is related to the purchase of land.

Other exploration and evaluation expenses incurred during the nine months ended September 30, 2023 included:

- $20,702,055 in drilling and geophysics with ongoing drilling on the project (September 30, 2022: $1,590,903)
- $1,863,367 related to the acquisition of mineral licenses, land and the fair value adjustment on the loan receivable (September 30, 2022: $4,339,140 related to the acquisition of the Galvani claims)
- $1,455,045 in technical work including the mineral resource estimate and Preliminary Economic Assessment (September 30, 2022: $1,094,981)

In general, exploration and evaluation activities were significantly higher during the current period resulting in the increase for almost all cost categories. During the comparative period, the Company had completed the reverse takeover transaction and drilling activities had commenced.

Other expenses for the nine months ended September 30, 2023 included:

- $1,911,126 in consulting and management fees (September 30, 2022: $2,022,209).
- $688,905 in shareholder communications and investor relations costs (September 30, 2022: $212,264)
- $946,974 in professional costs (September 30, 2022: $276,697)
- $548,367 in office and general costs (September 30, 2022: $65,020)
- $336,600 in share-based compensation expense related to the grant of 200,000 stock options (September 30, 2022: $5,033,246 related to the grant of 10,070,000 stock options)
- $nil in transaction costs (September 30, 2022: $4,640,918 related to the reverse takeover transaction)

During the current period, $667,269 in interest income was earned primarily from GICs (September 30, 2022: $127,397).

During the comparative period, the Company was ramping up activities at site and at the corporate level with markedly less expenditures incurred during that time.

Cash flows

<u>*Nine months ended September 30, 2023*</u>

During the nine months ended September 30, 2023, the Company used cash of $31,175,035 in operating activities (nine months ended September 30, 2022: $10,829,271) as discussed above. Non-cash working capital used $1,658,246 during the nine months ended September 30, 2023 (nine months ended September 30, 2022: $969,467). The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds, while a decrease in a liability (or an increase in an asset) account is a use of funds.

During the nine months ended September 30, 2023, investing activities provided $4,327,247 in cash (nine months ended September 30, 2022: $647,066). The Company redeemed $10,000,000 from short-term GIC investments during the current period. The Company paid $2,872,334 in cash to acquire Neolit. Cash acquired from this acquisition was $140,218 (September 30, 2022: $701,110 from the reverse takeover transaction). The Company loaned $2,752,000 to Valitar for the purpose of land acquisition. And $188,637 was paid to acquire equipment (September 30, 2022: $54,044).

During the nine months ended September 30, 2023, cash provided by financing activities was $28,051,431 (September 30, 2022: $14,070,846). Equity financings during the nine months ended September 30, 2023 provided $28,750,334 less $1,972,250 in issue costs (nine months ended September 30, 2022: $14,000,000 less issue costs of $298,998). Options exercised generated $324,000 and warrants exercised generated $1,108,264 in cash proceeds during the nine months ended September 30, 2023 (nine months ended September 30, 2022: $306,400 and $71,182 respectively). Payments on lease liabilities for the nine months ended September 30, 2023 was $158,917 (nine months ended September 30, 2022: $7,738).

FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash and cash equivalents, amounts receivable, loan receivable, accounts payable and accrued liabilities, and lease liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at September 30, 2023, the Company's financial instruments that are carried at fair value, being cash equivalents and loan receivable, are classified as Level 2 and Level 3 respectively within the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

Trade credit risk
The Company is not exposed to significant trade credit risk.

Cash
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

Loan receivable
The Company expects the loan receivable will be repaid on time but cannot assure this with certainty. The face value of the loan receivable, R$10,000,000 ($2,697,000) represents the maximum credit exposure.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Brazilian Real (BRL) from its property interests in Brazil. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at September 30, 2023 and December 31, 2022, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

September 30, 2023

		Brazilian reals		US dollars
Cash	$	1,837,440	$	63,918
Loan receivable		1,840,160		-
Accounts payable and accrued liabilities		(3,573,606)		(2,096,929)
Lease liabilities		(454,591)		-
	$	(350,598)	$	(2,033,011)

December 31, 2022

		Brazilian reals		US dollars
Cash	$	307,929	$	62,887
Accounts payable and accrued liabilities		(484,615)		(54,176)
Lease liabilities		(247,570)		-
	$	(424,256)	$	8,711

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately $35,000 (December 31, 2022 - $40,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately $206,000 (December 31, 2022 - $18,000).

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2023, the Company had a cash balance of $22,696,431 (December 31, 2022 - $31,492,788) to settle current liabilities of $6,135,142 (December 31, 2022 - $2,119,504). Of the current liabilities, approximately $3,300,000 have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) *Commodity / Equity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to lithium, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is not a producing entity.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2022. The preparation of statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The following is a list of the accounting policies that management believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability or expense being reported:

(in Canadian dollars, unless otherwise noted)

- Foreign currencies
- Exploration and evaluation properties
- Financial instruments

Foreign currencies

The Foreign currency translation presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

The Company makes expenditures and incurs costs in Brazilian reals ("BRL"). At September 30, 2023, one Canadian dollar was worth BRL 3.7078 (December 31, 2022 - BRL 3.9032). During the nine months ended September 30, 2023, the average value of one Canadian dollar was BRL 3.7192 (June 30, 2022 - BRL 3.9789).

Project evaluation expenses

The Company expenses exploration and evaluation expenses as incurred. Exploration and evaluation expenses include acquisition costs of mineral property rights and exploration and evaluation activities. Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

	For the three months ended September 30,		Three months ended September 30,	
	2023	2022	2023	2022
Acquisition of Neolit property	-	-	19,548,788	-
Drilling and geophysics	9,308,059	1,329,108	20,702,055	1,590,903
Mining licenses and land acquisition	137,625	4,210,882	1,863,367	4,339,140
Technical reports	627,669	570,924	1,455,045	1,094,981
Project overhead costs	444,194	64,086	1,149,691	106,085
Labour	345,881	19,932	668,896	25,964
Land management fees, taxes and permits	277,612	34,457	697,033	51,175
Professional fees	88,206	5,597	229,938	35,760
Travel, meals and accomodation	16,214	54,149	59,929	91,740
Total exploration and evaluation expenses	**$ 11,245,460**	**$ 6,289,135**	**$ 46,374,742**	**$ 7,335,748**

Financial instruments

The Company's loan receivable was initially recognized at fair value using a discount rate of 20% and measured at amortized cost. The fair value adjustment was recorded to exploration and evaluation expenses as the purpose of the loan is to facilitate the acquisition of surface rights.

Commitments and Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually updated and may become more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable.

The Company is party to certain management contracts. As of September 30, 2023, these contracts require payments of approximately $4,110,000 (December 31, 2022 - $3,390,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately $2,130,000 (December 31, 2022 - $1,764,000) pursuant to the terms of these contracts as of September 30, 2023. As a triggering event has not taken place on September 30, 2023, these amounts have not been recorded in these consolidated financial statements.

Subject to the asset purchase agreement between Galvani and MGLIT entered into in September 2022, if, by March 12, 2024, the Company, through an independent qualified person, defines an inferred mineral resource estimate of a minimum of 5Mt with a Li2O content above 1.3%, the Company shall, at Galvani's discretion, (i) issue such number of Lithium Ionic shares equal to USD$2 million calculated using the 7 day VWAP of the Lithium Ionic shares on the TSX Venture Exchange ending on the effective date of the technical report evidencing such mineral resource estimate subject to a minimum price per share of $0.904, or (ii) pay USD$2 million in cash to Galvani on the effective date of the technical report evidencing such mineral resource estimate. As at September 30, 2023, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

Subject to the agreement to acquire mineral claims from Mineracao Borges Ltda. in December 2022, upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li_2O content over 1.3% by June 21, 2024, the Company shall pay an additional R$15,000,000. As at September 30, 2023, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

In connection with the Company's agreement to acquire a 100% interest in the Vale Litio claims, the Company is to scheduled to pay R$500,000 on or before February 20, 2024 to acquire an additional 1.54% interest; and R$30,000,000 on or before July 20, 2024 to acquire the remaining 92.6% interest. As well, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale claims of at least six million tonnes with an average content greater than 1.3% Li_2O, the Company shall pay Exotic a cash bonus of R$10,000,000. The Company may terminate the agreement at any time without incurring any additional financial penalties.

Subject to the agreement with Clesio, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li_2O by August 13, 2025, the Company shall pay Clesio a cash bonus of USD$1,000,000. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least five million tonnes with an average content greater than 1.3% Li_2O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD$1,000,000.

(in Canadian dollars, unless otherwise noted)

Subject to the acquisition of Neolit, 1,500,000 warrants issued as part of the consideration are exercisable at a price of $2.25 until March 10, 2026 and only vest if the Company establishes an independent NI 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li_2O.

Transactions with Related Parties

As at September 30, 2023, an amount of approximately $103,300 (December 31, 2021 - $1,250,000), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. Such amounts are unsecured and non-interest bearing.

During the three and nine months ended September 30, 2023, the Company paid $15,000 and $34,936 respectively to Troilus Gold Corp. for office space, administrative services and reimbursable costs. As at September 30, 2023, a balance of $nil is payable to Troilus Gold Corp. Mr. Blake Hylands, the Company's Chief Executive Officer, is a former officer of Troilus Gold Corp. As well, Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Gold Corp and Mr. Ian Pritchard, a new director of the Company, is an officer of Troilus Gold Corp.

Also during the three and nine months ended September 30, 2023, the Company paid $17,410 and $52,230 respectively to Falcon Metais Ltda. for various administrative services. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda.

The Company, through MGLIT, loaned approximately R$10,000,000 ($2,697,000) to Valitar Participacoes Ltda., a company in which Mr. Helio Diniz indirectly owns a 90% interest and of which he is an officer, in order to acquire additional land titles and/or land leases. This balance has been recorded as a loan receivable.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the nine months ended September 30, 2023 and 2022, the remuneration of directors and other key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Management and Consulting fees	$ 545,818	$ 492,428	$1,578,092	$1,867,959
Share-based compensation	-	-	-	3,690,575
Total	**$ 545,818**	**$ 492,428**	**$1,578,092**	**$5,558,534**

Off-balance sheet arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Risk Factors

Mining exploration inherently contains a high degree of risk and uncertainty, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following are certain factors relating to the business of the Company, which investors should carefully consider when making an investment decision concerning the Company's shares. These risks and uncertainties are not the only ones facing the

Company. Additional risks and uncertainties not presently known that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the Company.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, current financial conditions, revenues, taxes, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations, and no revenues. Even if the Company's exploration program on one or more of the properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which would result in dilution to the Company's shareholders.

Limited Operating History

The Company is a relatively new company with limited operating history. The Company only recently acquired its interest in its material properties and the Company has no history of business or mining operations, revenue generation or production history. The Company has yet to generate a profit from their activities. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

No Mineral Reserves

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

The Company's properties are in the exploration stage only and, to date, no mineral reserves have been identified. Development of the Company's properties will follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that any mineral reserves will be identified or developed. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish mineral reserves and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Fluctuating Mineral Prices

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals that may be found on the Company's properties.

Regulatory, Permit and License Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations that may concern, among other things, exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules because of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on its properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to some or all the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto.

Competition

The mineral exploration and development industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other companies could have a material adverse effect on the Company and its prospects.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the exploration, development and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with exploration, development and mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Local Resident Concerns

Apart from ordinary environmental issues, the exploration, development and mining of the Company's properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Foreign Operations

The Company's properties are located in Brazil. As such, the Company's proposed activities with respect to its properties will be subject to governmental, political, economic and other uncertainties, including but not limited to expropriation of property without fair compensation, repatriation of earnings, nationalization, currency fluctuations and devaluations, exchange controls and increases in government fees, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations will be conducted, as well as risks including loss due to civil strife, acts of war, insurrections and the actions of national labour unions. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company. No assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Brazil. Any changes in regulations or shifts in political attitudes will be beyond the Company's control and may adversely affect the Company's business.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, equipment and mines, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company securities.

Litigation

The Company and/or its directors or officers may be subject to a variety of civil or other legal proceedings, with or without merit.

Outstanding Share Data

As at the date of this MD&A, the Company has:

1) 138,185,554 common shares outstanding.
2) 3,384,906 warrants outstanding, with expiry dates ranging from May 19, 2024 to March 10, 2026. If all the warrants were exercised, 2,563,468 shares would be issued for gross proceeds of $6,688,197.
3) 11,507,000 options outstanding, with expiry dates ranging from April 20, 2027 to February 27, 2028. If all the options were exercised, 11,507,000 shares would be issued for gross proceeds of $12,031,130.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains, or incorporates by reference, "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the future performance of Lithium Ionic, Lithium Ionic's mineral properties, the future price of lithium, the estimation of mineral resources and mineral reserves, results of exploration activities and studies, the realization of mineral resource estimates, exploration activities, costs and timing of the development of new deposits, the acquisition of additional mineral resources, the results of future exploration and drilling, costs and timing of future exploration of the mineral projects, requirements for additional capital, management's skill and knowledge with respect to the exploration and development of mining properties in Brazil, government regulation of mining operations and exploration operations, timing and receipt of approvals and licenses under mineral legislation, the Company's local partners, and environmental risks and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks associated with the Company's dependence on the mineral projects; general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; risks associated with dependence on key members of management; conclusions of economic evaluations and studies; currency fluctuations (particularly in respect of the Canadian dollar, the United States dollar, the Brazilian real and the rate at which each may be exchanged for the others); future prices of lithium; uncertainty in the estimation of mineral resources; exploration and development risks; infrastructure risks; inflation risks; defects and adverse claims in the title to the projects; accidents, political instability, insurrection or war; labour and employment risks; changes in government regulations and policies, including laws governing development, production, taxes, royalty payments, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; insufficient insurance coverage; the risk that dividends may never be declared; and liquidity and financing risks related to the global economic crisis. Such forward-looking statements are based on a number of material factors and assumptions, including; that contracted parties provide goods and/or services on the agreed timeframes; that ongoing contractual negotiations will be successful and progress and/or be completed in a timely manner; that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of lithium. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated, or intended. Forward-looking statements contained herein are made as of the date of this MD&A. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.