Lithium Ionic Corp.

Condensed Interim
Consolidated Financial Statements

For the three months ended March 31, 2023
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at:	Note	**March 31, 2023 $**	December 31, 2022 $
ASSETS			
Current			
Cash and cash equivalents	5	**19,814,507**	21,492,788
Short-term investments	5	**-**	10,000,000
Amounts receivable		**612,074**	572,150
Prepaid expenses		**668,615**	426,863
Total current assets		**21,095,196**	32,491,801
Long-term			
Equipment	6	**572,396**	345,742
Total assets		**21,667,592**	32,837,543
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14	**5,191,517**	2,008,712
Short-term lease liabilities	7	**182,996**	110,792
Total current liabilities		**5,374,513**	2,119,504
Long-term lease liabilities	7	**199,298**	136,778
Total liabilities		**5,573,811**	2,256,282
SHAREHOLDERS' EQUITY			
Common shares	10	**59,444,732**	49,711,875
Warrant reserve	11	**2,770,844**	1,000,896
Option reserve	11	**7,039,272**	6,773,242
Accumulated deficit		**(53,161,067)**	(26,904,752)
Total shareholders' equity		**16,093,781**	30,581,261
Total liabilities and shareholders' equity		**21,667,592**	32,837,543

Nature of operations and going concern	1
Commitments and contingencies	16
Subsequent event	17

Approved on behalf of the Board of Directors:

Signed: *Helio Diniz*, Director
Signed: *David Gower*, Director

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note		Three months ended March 31, 2023		March 31, 2022
Expenses					
Exploration and evaluation expenses	4,8,9	**$**	**24,714,476**	$	209,264
Consulting and management fees	14		**585,163**		171,061
Shareholder communications			**240,209**		-
Professional fees			**291,188**		91,128
Office and general			**170,569**		67,997
Depreciation	6		**42,321**		-
Share-based compensation	11		**336,600**		-
(Loss) for the period before other items		**$**	**(26,380,526)**	$	(539,450)
Other items					
Interest income			**277,658**		4,734
Accretion expense	7		**(6,941)**		-
Foreign exchange (loss)/gain			**(146,506)**		15,228
Net (loss) and comprehensive (loss) for the period		**$**	**(26,256,315)**	$	(519,488)
Basic and diluted (loss) per share		**$**	**(0.22)**	$	(0.01)
Weighted average number of common shares outstanding					
Basic and Diluted			**118,085,584**		71,710,001

The accompanying notes are an integral part of these consolidated financial statements.

Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of Shares	Common Shares	Number of warrants	Warrant Reserve	Number of options	Option Reserve	Deficit	Shareholders' equity
Balance, December 31, 2021	**71,710,001**	**$ 7,487,282**	**2,372,750**	**$ 179,241**	**-**	**$ -**	**$ (779,368)**	**$ 6,887,155**
Loss and comprehensive loss for the period	-	-	-	-	-	-	(519,488)	(519,488)
Balance, March 31, 2022	**71,710,001**	**$ 7,487,282**	**2,372,750**	**$ 179,241**	**-**	**$ -**	**$ (1,298,856)**	**$ 6,367,667**
Balance, December 31, 2022	**117,079,355**	**$ 49,711,875**	**4,208,449**	**$ 1,000,896**	**11,577,000**	**$ 6,773,242**	**$ (26,904,752)**	**$ 30,581,261**
Acquisition of Neolit Minerals Participacoes Ltda.	4,000,000	9,400,000	1,500,000	1,807,500	-	-	-	11,207,500
Share-based compensation	-	-	-	-	200,000	336,600	-	336,600
Options exercise	100,000	194,570	-	-	(100,000)	(70,570)	-	124,000
Warrants exercise	206,794	138,287	(206,041)	(37,552)	-	-	-	100,735
Loss and comprehensive loss for the period	-	-	-	-	-	-	(26,256,315)	(26,256,315)
Balance, March 31, 2023	**121,386,149**	**$ 59,444,732**	**5,502,408**	**$ 2,770,844**	**11,677,000**	**$ 7,039,272**	**$ (53,161,067)**	**$ 16,093,781**

The accompanying notes are an integral part of these consolidated financial statements.

Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	Note	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $
Cash (used in)/provided by:			
Operating activities			
(Loss) for the period		**(26,256,315)**	(519,488)
Items not involving cash:			
Depreciation	6	**42,321**	-
Accretion expense	7	**6,941**	-
Acquisition cost	4	**19,548,788**	-
Share-based compensation	11	**336,600**	-
Foreign exchange		**13,296**	-
Changes in non cash working capital		**(2,780,071)**	(873,202)
Net cash (used in) operating activities		**(9,088,440)**	(1,392,690)
Investing activities			
Increase in restricted cash		**-**	(11,483,952)
Redemption of GICs		**10,000,000**	-
Acquisition of Neolit Minerals Participacoes Ltda.	4	**(2,872,334)**	-
Cash acquired from acquisition		**140,218**	-
Purchase of equipment	6	**(34,398)**	-
Net cash provided by investing activities		**7,233,486**	(11,483,952)
Financing activities			
Proceeds from equity financings		**-**	11,651,749
Cost of issue		**-**	(181,093)
Options exercised	11	**124,000**	-
Warrants exercised	11	**100,735**	-
Principal payments on lease liability	7	**(48,062)**	-
Net cash provided by financing activities		**176,673**	11,470,656
Change in cash		**(1,678,281)**	(1,405,986)
Cash, beginning of the period		**21,492,788**	7,788,687
Cash, end of the period		**19,814,507**	6,382,701
SUPPLEMENTAL INFORMATION			
Value of common shares issued in acquisition	4	**9,400,000**	
Value of warrants issued in acquisition	4	**1,807,500**	
Equipment acquired through leases	6, 7	**162,549**	-

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Lithium Ionic Corp. (the “Company”, or “Lithium Ionic”) was incorporated on December 21, 2020 under the *Business Corporations Act (Ontario)*. The Company commenced trading as a Tier 2 Mining Issuer on the TSX Venture Exchange (“TSXV”) on May 24, 2022 under the new trading symbol “LTH”.

The Company is currently engaged in the acquisition, exploration, and development of mineral properties in Brazil. The head office and principal address of the Company is 36 Lombard Street, Toronto, Ontario, M5C 2X3.

The Company owns the following subsidiaries:

- A 100% interest in Lithium Ionic Holdings Corp. (formerly Lithium Ionic Inc.), a company incorporated on July 5, 2021 as a Province of Ontario registered corporation pursuant to the *Business Corporations Act (Ontario)*. Lithium Ionic Holdings Corp. owns 100% of MGLIT Empreendimentos Ltda. (“MGLIT”), a company incorporated on October 29, 2018 under Brazilian corporate law. 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 (Note 4).

On May 19, 2022, the Company completed a reverse takeover transaction with Lithium Ionic Inc.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration programs will result in profitable operations.

The Company is in the process of exploring its mineral exploration properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

At March 31, 2023, the Company had current assets of $21,095,196 and current liabilities of $5,374,513 (December 31, 2022 - $32,491,801 and $2,119,504 respectively) and an accumulated deficit of $53,161,067 (December 31, 2022 - $26,904,752). The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022.

Basis of presentation

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar. References to R$ refer to the Brazilian Real.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated on consolidation.

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the three months ended March 31, 2023 were reviewed, approved and authorized for issue by the Board of Directors of the Company on May 30, 2023.

Significant accounting policies

The policies set out in the company's annual financial statements for the year ended December 31, 2022 were consistently applied to all periods unless otherwise noted below.

New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. The Company adopted such changes without any material impact to the consolidated financial statements. Updates that are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted and are being evaluated to determine their impact on the consolidated financial statements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

3. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Share-based payments and warrants

Management determines costs for share-based payments and warrants issued in financing transactions using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Rehabilitation provisions

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Leases under IFRS 16

Critical judgements are required in the application of IFRS 16, including identifying whether a contract (or part of a contract) includes a lease and determining whether it is reasonably certain that an extension or termination option will be exercised. Sources of estimation uncertainty include estimation of the lease term, determination of an appropriate discount rate and assessment of whether a ROU asset is impaired. Such judgments, estimates and assumptions are inherently uncertain, and changes in these assumptions affect the fair value estimates.

Expressed in Canadian Dollars - Unaudited

3. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Contingencies

Refer to Note 16.

4. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA

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. The founder and CEO of Neolit, Dr. André Guimarães, joined the Company as VP Business Development. Pursuant to the purchase agreement, 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 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 Company assessed the acquisition and determined it to be an asset acquisition for accounting purposes, as the requirements of IFRS 3, Business Combinations, were not met. The purchase price in excess of the net assets acquired was allocated to property acquisition costs under exploration and evaluation expenses on the statement of operations.

Cash	140,218
Accounts receivable	3,900
Prepaid expenses	5,719
Fixed assets	72,028
Accounts payable	(3,631,320)
Net Assets of Neolit:	(3,409,454)
Consideration provided:	
Shares (4,000,000 @ $2.35)	9,400,000
Warrants (1,500,000 @ $1.21)	1,807,500
Cash payment (US$2,031,005)	2,788,569
Deferred cash consideration (US$1,500,000)	2,059,500
Total consideration	16,055,569
Purchase price provided less net assets acquired:	19,465,023

The fair value of the 4,000,000 shares of the Company was $2.35 per share which was the fair market value based on the quoted market value of the Company's shares on the acquisition date. The value of the warrants was estimated using the Black-Scholes model with the following assumptions: share price of $2.35; expected dividend yield of 0%; expected volatility of 73.57%; risk-free interest rate of 3.31% and an expected life of 3 years.

The Company incurred transactions costs related to this acquisition of $83,765.

Expressed in Canadian Dollars - Unaudited

5. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	March 31, 2023 $	2021-12-32 $
Cash	4,814,507	992,788
Guaranteed investment certificate ("GIC"), bearing a variable interest rate (4.45% at December 31, 2022), redeemable and maturing July 22, 2023	-	4,500,000
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.20%, maturing January 5, 2023	-	10,000,000
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.00%, maturing February 23, 2023	-	6,000,000
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.50%, maturing April 5, 2023	10,000,000	-
Guaranteed investment certificate ("GIC"), bearing an interest rate of 5.15%, maturing April 25, 2023	5,000,000	-
Cash and cash equivalents	**19,814,507**	**21,492,788**
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.50%, maturing April 5, 2023	-	10,000,000
Short-term investments	**-**	**10,000,000**

6. EQUIPMENT

The following table sets out the changes to the carrying value of equipment:

	Office furniture	Computers & office equipment	Field and lab equipment	Vehicles	Software	Right-of-Use assets	Total
	$	$	$	$	$	$	$
Cost							
As at December 31, 2022	**11,274**	**30,201**	**6,865**	**117,270**	**22,498**	**190,787**	**378,895**
Acquired through Neolit transaction	1,997	1,904	3,978	85,262	-	-	93,141
Additions	19,036	7,222	1,660	-	6,480	162,549	196,947
As at March 31, 2023	**32,307**	**39,327**	**12,503**	**202,532**	**28,978**	**353,336**	**668,983**
Accumulated Depreciation							
As at December 31, 2022	**(374)**	**(1,320)**	**(339)**	**(7,818)**	**(1,875)**	**(21,427)**	**(33,153)**
Acquired through Neolit transaction	(137)	(46)	(20)	(20,909)	-	-	(21,112)
Depreciation	(384)	(1,546)	(213)	(6,552)	(5,827)	(27,799)	(42,321)
As at March 31, 2023	**(895)**	**(2,912)**	**(572)**	**(35,279)**	**(7,702)**	**(49,226)**	(96,586)
Net book value as at December 31, 2022	10,900	28,881	6,526	109,452	20,623	169,360	345,742
Net book value as at March 31, 2023	**31,412**	**36,415**	**11,931**	**167,253**	**21,276**	**304,110**	**572,396**

Expressed in Canadian Dollars - Unaudited

7. LEASE LIABILITY

The following table sets out the changes to the carrying value of lease liabilities:

As at December 31, 2022	**$**	**247,570**
Leases assumed during the period		162,549
Lease accretion		6,941
Lease payments		(48,062)
Foreign exchange		13,296
As at March 31, 2023	**$**	**382,294**
Current portion of lease liability	$	182,996
Long-term portion of lease liability	$	199,298

The Company's lease liabilities include financing arrangement for vehicles as well as right-of-use leases for office space, dormitories and warehouses in Brazil.

During the three months ended March 31, 2023, MGLIT signed lease agreements for a dormitory and warehouse, both located in Aracuai, MG. These agreements are for an indefinite term and management has assessed the termination date as December 31, 2024 for the dormitory and December 31, 2025 for the warehouse. Monthly rent payments for these total R$23,500 ($6,270). An estimated incremental borrowing rate of 7.5% per annum was used.

Future payments on all of the Company's financing agreements and right-of-use leases are shown in the table below:

	R$	CAD$
Payments due within 1 year	788,652	210,412
Payments due in 1-3 years	823,977	219,837

8. ACQUISITION OF MINING LICENSES

In January 2023, the Company 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% interest in Vale Do Litio Mineração Ltda. ("Vale Litio"), who has a 100% beneficial ownership interest in three lithium mining claims in Minas Gerais. The Company has acquired an initial 2.78% equity ownership interest in Vale Litio through a payment to Exoitc of R$900,000 (approximately $235,000) in cash. The Company may acquire the following ownership interest through the following payments to Exotic:

- R$500,000 ($129,947) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2023 (paid in February 2023);
- R$500,000 in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before July 20, 2023;
- R$500,000 in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2024;
- R$30,000,000 in cash to acquire an additional 92.6% equity ownership in Vale Litio on or before July 20, 2024.

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.

Expressed in Canadian Dollars - Unaudited

8. ACQUISITION OF MINING LICENSES (continued)

In February 2023, the Company, through MGLIT, acquired a strategic mining claim from Clésio Alves Gonçalves Mineraçao E Comercio Ltda. (“Clesio”). The Company paid R$500,000 ($129,947) in cash to acquire the claim. 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 within 30 months of acquiring the claim, 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 within 48 months of acquiring the claim, the Company shall pay Clesio an additional cash bonus of USD$1,000,000.

9. EXPLORATION AND EVALUATION EXPENSES

Lithium Ionic owns a 100% ownership interest in the Itinga lithium project in Brazil, comprising certain exploration permits, the Galvani Licenses, the Borges, Clesio and Vale claims and 40% of the Salinas claims from its acquisition of Neolit, all located in Minas Gerais state (MG), Brazil.

Exploration and evaluation expenses are detailed in the following table.

	Three months ended March 31, 2023	Three months ended March 31, 2022
Acquisition of Neolit property (Note 4)	$ 19,548,788	$ -
Drilling and geophysics	3,690,859	61,217
Mining licenses (Note 8)	495,480	-
Technical reports	377,803	130,036
Project overhead costs	338,655	-
Labour	108,149	-
Land management fees, taxes and permits	96,065	6,345
Professional fees	32,281	11,666
Travel, meals and accomodation	26,396	-
Total exploration and evaluation expenses	**$ 24,714,476**	**$ 209,264**

Expressed in Canadian Dollars - Unaudited

10. COMMON SHARES

Authorized

On March 31, 2023, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding		Amount
Balance, December 31, 2022	117,079,355	$	49,711,875
Acquisition of Neolit (Note 4)	4,000,000		9,400,000
Exercise of options (i)	100,000		124,000
Valuation allocation of exercise of options	-		70,570
Exercise of warrants (ii)	206,794		100,735
Valuation allocation of exercise of warrants	-		37,552
Balance, March 31, 2023	**121,386,149**	**$**	**59,444,732**

(i) During the three months ended March 31, 2023, 100,000 of the Company's stock options were exercised at a weighted-average price of $1.24 per common share, generating proceeds of $124,000.

(ii) During the three months ended March 31, 2023, 206,794 warrants were exercised at a weighted-average price of $0.49 per common share, generating proceeds of $100,735.

11. EQUITY RESERVES

Warrants

The changes in warrants issued during the three months ended March 31, 2023 are as follows:

	Number of warrants		Weighted average exercise price		Value of warrants
Balance, December 31, 2022	4,208,449	$	0.64	$	1,000,896
Granted, Neolit acquisition (Note 4)	1,500,000		2.25		1,807,500
Exercised	(206,041)	$	0.49	$	(37,552)
Balance, March 31, 2023	**5,502,408**	**$**	**1.09**	**$**	**2,770,844**

The following table summarizes the warrants outstanding as of March 31, 2023:

Number of warrants outstanding	Number of warrants exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$			Years	
2,092,750	2,092,750	1-Dec-21	1-Dec-23	0.20	158,089	68%	0.95%	2.00	0%
6,189	6,189	19-May-22	5-Apr-23	0.16	4,726	69%	2.70%	0.88	0%
965,969	965,969	19-May-22	19-May-24	0.70	251,154	68%	1.00%	2.00	0%
937,500	937,500	5-Oct-22	5-Oct-24	1.60	549,375	65%	3.85%	2.00	0%
1,500,000	-	13-Mar-23	10-Mar-26	2.25	1,807,500	74%	3.31%	3.00	0%
5,502,408	**4,002,408**				**2,770,844**				

Expressed in Canadian Dollars - Unaudited

11. EQUITY RESERVES (continued)

The weighted-average remaining contractual life of the warrants as of March 31, 2023 is 1.52 years (December 31, 2022: 1.22 years).

Share-based payments

The changes in stock options issued during the three months ended March 31, 2023 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2022	11,577,000	$ 1.02	$ 6,773,242
Granted	200,000	2.89	336,600
Exercised	(100,000)	1.24	(70,570)
Balance, March 31, 2023	**11,677,000**	**$ 1.05**	**$ 7,039,272**

During the three months ended March 31, 2023, the Company granted 200,000 stock options to consultants of the Company at an exercise price of $2.89 expiring five years from the date of grant. These options vested immediately. The grant date fair value of these options was estimated to be $336,600 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 66.36% based on the volatility of comparable companies; risk-free interest rate of 3.57%; and an expected life of 5 years.

During the three months ended March 31, 2023, 100,000 of the Company's options were exercised at a weighted-average exercise price of $1.24 generating proceeds of $124,000 (period ended March 31,2022: no options exercised). The Company's weighted average share price at the time of the option exercises was $1.38.

For the three months ended March 31, 2023, $336,600 (March 31, 2022: $nil) in share-based compensation has been recognized in the consolidated statements of loss and comprehensive loss.

Options outstanding as of March 31, 2023 are as follows:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$			Years	
6,300,000	6,300,000	20-Apr-22	20-Apr-27	0.70	2,471,490	65%	2.63%	5.00	0%
2,840,000	2,840,000	1-Jun-22	1-Jun-27	1.24	2,004,188	66%	2.86%	5.00	0%
250,000	250,000	13-Jun-22	13-Jun-27	1.06	209,425	66%	3.48%	5.00	0%
150,000	150,000	5-Aug-22	5-Aug-27	1.22	105,750	67%	2.90%	5.00	0%
1,937,000	1,937,000	3-Nov-22	3-Nov-27	1.69	1,911,819	67%	3.59%	5.00	0%
200,000	200,000	27-Feb-23	27-Feb-28	2.89	336,600	66%	3.57%	5.00	0%
11,677,000	**11,677,000**				**7,039,272**				

12. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares, warrants and options.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts.

The Company may continue to assess new properties and may seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body, other than the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required to maintain operations and cover general and administrative expenses for a period of 6 months.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three months ended March 31, 2023.

13. 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, amounts receivable, and accounts payable and accrued 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 March 31, 2023, the Company's financial instruments that are carried at fair value, being cash equivalents, are classified as Level 2 within the fair value hierarchy.

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

13. FINANCIAL INSTRUMENTS (continued)

(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.

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

b. *Cash*
In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments. Limits are also established based on the type of investment, the counterparty and the credit rating.

(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, and US dollars from operations. 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 March 31, 2023 and December 31, 2022, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

March 31, 2023	**Brazilian reals**	**US dollars**
Cash	$ 2,104,496	$ 20,012
Accounts payable and accrued liabilities	(2,789,468)	(2,091,353)
Lease liabilities	(382,294)	-
	$ (1,067,265)	$ (2,071,341)

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 $107,000 (December 31, 2022 - $40,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately $207,000 (December 31, 2022 - $18,000).

Expressed in Canadian Dollars - Unaudited

13. FINANCIAL INSTRUMENTS (continued)

(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 March 31, 2023, the Company had a cash balance of $19,814,507 (December 31, 2022 - $31,492,788) to settle current liabilities of $5,374,513 (December 31, 2022 - $2,119,504). Of the current liabilities, $2,813,209 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 at this time as the Company is not a producing entity.

14. RELATED PARTY TRANSACTIONS

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 three months ended March 31, 2023 and 2022, the remuneration of directors and other key management personnel is as follows:

	Three months ended March 31,			
		2023		2022
Management and Consulting fees	$	488,803	$	161,311
Share-based compensation		-		-
Total	**$**	**488,803**	**$**	**161,311**

As at March 31, 2023, an amount of approximately $20,900 (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 months ended March 31, 2023, the Company paid $7,500 to Troilus Gold Corp. for office space and administrative services. Mr. Blake Hylands, the Company's Chief Executive Officer, is an officer of Troilus Gold Corp. As well, Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Gold Corp.

Also during the three months ended March 31, 2023, the Company paid $18,512 to Falcon Metais Ltda. for various administrative services. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda. The Company also paid approximately $187,000 to Valitar Participacoes Ltda., a company in which Mr. Helio Diniz indirectly owns a 51% interest and of which he is an officer, in order to acquire additional land leases.

Expressed in Canadian Dollars - Unaudited

15. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Brazil. The following table summarizes the total assets and liabilities by geographic segment as at March 31, 2023 and December 31, 2022:

March 31, 2023	Brazil	Canada	Total
Cash and cash equivalents	$ 2,104,496	$ 17,710,011	$ 19,814,507
Amounts receivable	22,350	589,724	612,074
Prepaid expenses	525,341	143,274	668,615
Equipment	572,396	-	572,396
Total Assets	**$ 3,224,583**	**$ 18,443,009**	**$ 21,667,592**
Accounts payable and accrued liabilities	$ 2,789,468	$ 2,402,049	$ 5,191,517
Lease liabilities	382,294	-	382,294
Total Liabilities	**$ 3,171,762**	**$ 2,402,049**	**$ 5,573,811**

December 31, 2022	Brazil	Canada	Total
Cash and cash equivalents	$ 307,929	$ 31,184,859	$ 31,492,788
Amounts receivable	-	572,150	572,150
Prepaid expenses	296,894	129,969	426,863
Equipment	345,742	-	345,742
Total Assets	**$ 950,565**	**$ 31,886,978**	**$ 32,837,543**
Accounts payable and accrued liabilities	$ 484,615	$ 1,524,097	$ 2,008,712
Lease liabilities	247,570	-	247,570
Total Liabilities	**$ 732,185**	**$ 1,524,097**	**$ 2,256,282**

The following table summarizes the loss by geographic segment for the three months ended March 31, 2023 and 2022:

March 31, 2023	Brazil	Canada	Total
Other income	$ (5,917)	$ (271,741)	$ (277,658)
Exploration and evaluation expenses	24,737,691	-	24,737,691
General and administrative expenses	24,548	1,262,581	1,287,129
Share-based payments	-	336,600	336,600
Depreciation	42,321	-	42,321
Accretion expense	6,941	-	6,941
Foreign exchange (gain)/loss	152,461	(5,956)	146,505
Loss	**$ 24,958,045**	**$ 1,321,484**	**$ 26,279,529**

March 31, 2022	Brazil	Canada	Total
Other income	$ -	$ (4,734)	$ (4,734)
Exploration and evaluation expenses	209,264	-	209,264
General and administrative expenses	26,682	303,504	330,186
Foreign exchange (gain)/loss	(18,273)	3,045	(15,228)
Loss	**$ 217,673**	**$ 301,815**	**$ 519,488**

16. COMMITMENTS AND CONTINGENCIES

Environmental

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming 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.

General

The Company may be 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.

Management Contracts

The Company is party to certain management contracts. As of March 31, 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 $2,100,000 (December 31, 2022 - $1,764,000) pursuant to the terms of these contracts as of March 31, 2023. As a triggering event has not taken place on March 31, 2023, these amounts have not been recorded in these consolidated financial statements.

Other

Subject to the asset purchase agreement between Galvani Nordeste Mineracao Ltd. ("Galvani") and MGLIT, entered into in September 2022, if, during the 18 months following the closing of the transaction, 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 March 31, 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% within 18 months of closing, the Company shall pay an additional R$15,000,000. As at March 31, 2023, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

See Notes 1, 7 and 8.

17. SUBSEQUENT EVENTS

Subsequent to the end of the quarter, 146,915 warrants were exercised for proceeds of $99,606 and 20,000 stock options were exercised for proceeds of $24,800.