Lithium Ionic Corp.

Condensed Interim
Consolidated Financial Statements

For the three months ended March 31, 2024 and 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, 2024**	December 31, 2023
ASSETS			
Current			
Cash and cash equivalents	5	**$ 4,617,825**	$ 11,167,803
Amounts receivable		**188,999**	336,155
Prepaid expenses		**491,094**	511,679
Total current assets		**5,297,918**	12,015,637
Long-term			
Property and equipment	6	**1,087,661**	1,184,553
Total assets		**$ 6,385,579**	$ 13,200,190
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	17	**$ 4,668,990**	$ 4,526,494
Short-term lease liabilities	7	**245,836**	256,168
Total current liabilities		**4,914,826**	4,782,662
Long-term lease liabilities	7	**198,174**	238,872
Total liabilities		**5,113,000**	5,021,534
SHAREHOLDERS' EQUITY			
Common shares	10	**86,507,486**	86,507,486
Warrant reserve	11	**3,302,389**	3,302,389
Option reserve	11	**9,585,689**	9,585,689
Accumulated deficit		**(98,122,985)**	(91,216,908)
Total shareholders' equity		**1,272,579**	8,178,656
Total liabilities and shareholders' equity		**$ 6,385,579**	$ 13,200,190

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

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended March 31, 2024	Three months ended March 31, 2023
Expenses			
Exploration and evaluation expenses	4,8,9	**$ 5,230,127**	$ 24,714,476
Consulting and management fees	14	**854,594**	585,163
Shareholder communications		**238,580**	240,209
Professional fees		**154,917**	291,188
Office and general		**266,751**	170,569
Depreciation	6	**128,661**	42,321
Share-based compensation	11	**-**	336,600
(Loss) for the period before other items		**$ (6,873,630)**	$(26,380,526)
Other items			
Interest income		**68,737**	277,658
Lease accretion expense	7	**(11,236)**	(6,941)
Foreign exchange (loss)		**(89,948)**	(146,506)
Net (loss) and comprehensive (loss) for the period		**$ (6,906,077)**	(26,256,315)
Basic and diluted (loss) per share		**$ (0.05)**	$ (0.22)
Weighted average number of common shares outstanding			
Basic and Diluted		**138,185,554**	118,085,584

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, 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	9,000,000	1,500,000	1,702,500	-	-	-	10,702,500
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**	**$ 59,044,732**	**5,502,408**	**$ 2,665,844**	**11,677,000**	**$ 7,039,272**	**$ (53,161,067)**	**$ 15,588,781**
Balance, December 31, 2023	**138,185,554**	**$ 86,507,486**	**3,384,906**	**$ 3,302,389**	**13,782,000**	**$ 9,585,689**	**$ (91,216,908)**	**$ 8,178,656**
Loss and comprehensive loss for the period	-	-	-	-	-	-	(6,906,077)	(6,906,077)
Balance, March 31, 2024	**138,185,554**	**$ 86,507,486**	**3,384,906**	**$ 3,302,389**	**13,782,000**	**$ 9,585,689**	**$ (98,122,985)**	**$ 1,272,579**

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	2022
Cash (used in)/provided by:			
Operating activities			
(Loss) for the period		**$ (6,906,077)**	$ (26,256,315)
Items not involving cash:			
Depreciation	6	**128,661**	42,321
Lease accretion expense	7	**11,236**	6,941
Acquisition of Neolit Minerals Participacoes Ltda.	4	**-**	19,548,788
Share-based compensation	11	**-**	336,600
Foreign exchange		**(3,878)**	13,296
Changes in non cash working capital		**310,237**	(2,780,071)
Net cash (used in) operating activities		**(6,459,821)**	(9,088,440)
Investing activities			
Redemption of GICs		**-**	10,000,000
Acquisition of Neolit Minerals Participacoes Ltda.	4	**-**	(2,872,334)
Cash acquired from acquisition	4	**-**	140,218
Purchase of equipment	6	**(15,837)**	(34,398)
Net cash provided by investing activities		**(15,837)**	7,233,486
Financing activities			
Options exercised	11	**-**	124,000
Warrants exercised	11	**-**	100,735
Payments on lease liability	7	**(74,320)**	(48,062)
Net cash provided by financing activities		**(74,320)**	176,673
Change in cash		**(6,549,978)**	(1,678,281)
Cash, beginning of the period		**11,167,803**	21,492,788
Cash, end of the period		**4,617,825**	$ 19,814,507
SUPPLEMENTAL INFORMATION			
Value of common shares issued in acquisition	4	**-**	$ 9,000,000
Value of warrants issued in acquisition	4	**-**	1,702,500
Equipment acquired through leases	6,7	**15,932**	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 (Note 4).
- The Company, through MGLIT, owns a 10% ownership interest in Valitar Participações S.A.(“Valitar”) holding preferred shares that pass on the economic rights of Valitar to MGLIT. Valitar was incorporated in Brazil for the purpose of acquiring surface rights on claims owned by the Company that the Company expects could result in mineral production. The Company determined that it controls Valitar and as a result includes Valitar in its consolidated financial statements.

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, 2024, the Company had current assets of $5,297,918 and current liabilities of $4,914,826 (December 31, 2023 - $12,015,637 and $4,782,662 respectively) and an accumulated deficit of $98,122,985 (December 31, 2023 - $91,216,908). 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. As such, there is material uncertainty that casts significant doubt on the Company’s ability to continue as a going concern.

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, 2023.

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 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, 2024 were reviewed, approved and authorized for issue by the Board of Directors of the Company on May 30, 2024.

Material accounting policies

The policies set out in the company's annual financial statements for the year ended December 31, 2023 were consistently applied to all periods unless otherwise noted below.

<u>*New and future accounting changes*</u>

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2024. 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.

2. BASIS OF PRESENTATION (continued)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. The Company has adopted IAS 1 and it had no material impact on the Company's financial statements.

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.

Leases

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.

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.

3. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

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.

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"). 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 ($2,804,208) on closing, as well as a cash payment of US$2,570,767 ($3,549,458) 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 National Instrument ("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 ($2,032,500) is due September 10, 2024 and is recorded in accounts payable and accrued liabilities on the consolidated statements of financial position . 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 loss and comprehensive loss.

Expressed in Canadian Dollars

4. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA

Cash	142,469
Accounts receivable	3,963
Prepaid expenses	5,811
Fixed assets	73,184
Accounts payable	(3,800,800)
Net Assets of Neolit:	(3,575,373)
Consideration provided:	
Shares (4,000,000 @ $2.25)	9,000,000
Warrants (1,500,000 @ $1.14)	1,702,500
Cash payment (US$2,031,005)	2,804,208
Deferred cash consideration (US$1,500,000)	2,071,050
Total consideration	15,577,758
Purchase price provided less net assets acquired:	19,153,131

The fair value of the 4,000,000 shares of the Company was $2.25 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 3.69% and an expected life of 3 years.

The Company incurred transactions costs related to this acquisition of $83,765 which were expensed as part of the purchase price allocated to exploration and evaluation expenses.

5. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023
Cash	$ 2,417,825	$ 2,667,803
Guaranteed investment certificate ("GIC"), bearing a variable interest rate (5.2% at December 31, 2023), redeemable and maturing August 3, 2024	2,200,000	8,500,000
Cash and cash equivalents	**4,617,825**	**11,167,803**

Expressed in Canadian Dollars

6. PROPERTY AND 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	Land	Right-of-Use assets	Total
	$	$	$	$	$	$	$	$
As at December 31, 2023	92,713	117,189	21,006	203,900	230,655	271,368	596,902	1,533,733
Additions	7,852	3,731	4,719	-	-	-	15,467	31,769
As at March 31, 2024	**100,565**	**120,920**	**25,725**	**203,900**	**230,655**	**271,368**	**612,369**	**1,565,502**
Accumulated Depreciation								
As at December 31, 2023	(5,247)	(13,598)	(1,685)	(60,234)	(91,826)	-	(176,590)	(349,180)
Depreciation	(2,442)	(4,539)	(567)	(10,196)	(46,376)	-	(64,541)	(128,661)
As at March 31, 2024	**(7,689)**	**(18,137)**	**(2,252)**	**(70,430)**	**(138,202)**	**-**	**(241,131)**	**(477,841)**
Net book value as at December 31, 2023	87,466	103,591	19,321	143,666	138,829	271,368	420,312	1,184,553
Net book value as at March 31, 2024	**92,876**	**102,783**	**23,473**	**133,470**	**92,453**	**271,368**	**371,238**	**1,087,661**

7. LEASE LIABILITY

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

As at December 31, 2023	**$**	**495,040**
Adjustments to lease acquisition		15,932
Lease accretion		11,236
Lease payments		(74,320)
Foreign exchange		(3,879)
As at March 31, 2024	**$**	**444,010**
Current portion of lease liability	$	245,836
Long-term portion of lease liability	$	198,174

The Company's lease liabilities include financing arrangements for vehicles as well as right-of-use leases for office space, dormitories and warehouses in Brazil. Original lease terms ranged from 23 to 36 months.

Monthly rent payments for the Company's right-of-use agreements total R$91,685 ($24,847). 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	1,024,467	277,630
Payments due in 1-3 years	781,782	211,863

8. ACQUISITION OF MINING LICENSES

Vale Litio claims

In January 2023, the Company entered into a binding share purchase agreement with Exotic Mineração Ltda. ("Exotic"), which was amended in February 2024, 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. On signing, the Company had acquired an initial 2.78% equity ownership interest in Vale Litio through a payment to Exotic of R$900,000 ($232,834) in cash. Pursuant to the agreement, the Company can or has acquired 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 ($137,625) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before July 20, 2023 (paid in July 2023);
- R$500,000 ($136,559) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2024 (paid January 2024);
- R$50,000 in cash to acquire an additional 0.15% equity ownership interest in Vale Litio on or before July 29, 2024;
- R$29,950,000 in cash to acquire an additional 92.45% equity ownership in Vale Litio on or before January 20, 2025.

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.

Amounts paid to March 31, 2023, R$2,400,000 ($636,965) which represents a 7.4% interest, have been recorded as land acquisition costs in exploration and evaluation expenses.

Clesio claims

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, which was recorded as land acquisition costs in exploration and evaluation expenses. 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. As at March 31, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

Borges claims

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineracao Borges Ltda. Upon closing, the Company paid R$500,000 ($129,133) upon execution of the conveyance documents transferring the claims to MGLIT. The terms of the agreement were amended in February 2024 whereby R$50,000 was paid in March 2024 and $14,950,000 is payable upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li2O content over 1.3% by June 5, 2025. The Company may terminate this agreement at any time without incurring additional financial penalties.

Expressed in Canadian Dollars

9. EXPLORATION AND EVALUATION EXPENSES

Lithium Ionic owns a 100% ownership interest in the Bandeira Project in Brazil, comprising certain exploration permits, the Galvani Licenses, the Borges, Clesio and Vale claims and 85% 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, 2024	Three months ended March 31, 2023
Acquisition of Neolit property	$ -	$ 19,548,788
Drilling and geophysics	3,222,115	3,690,859
Mining licenses and land acquisition (Note 8)	167,455	495,480
Technical reports	921,514	377,803
Project overhead costs	324,490	338,655
Labour	321,541	108,149
Land management fees, taxes and permits	112,015	96,065
Professional fees	78,521	32,281
Travel, meals and accomodation	82,476	26,396
Total exploration and evaluation expenses	**$ 5,230,127**	**$ 24,714,476**

10. COMMON SHARES

Authorized

On March 31, 2024, the authorized share capital consisted of an unlimited number of common shares without par value. There were no changes to common shares during the three months ended March 31, 2024. As at March 31, 2024, there were 138,185,554 outstanding shares of the Company

11. EQUITY RESERVES

Warrants

There were no changes in warrants during the three months ended March 31, 2024.

The following table summarizes the warrants outstanding as of March 31, 2024:

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	
125,968	125,968	19-May-22	19-May-24	0.70	32,752	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	1,702,500	74%	3.31%	3.00	0%
821,438	821,438	31-Jul-23	31-Jul-25	2.10	1,017,762	156%	4.67%	2.00	0%
3,384,906	**1,884,906**				**3,302,389**				

Expressed in Canadian Dollars

11. EQUITY RESERVES (continued)

The weighted-average remaining contractual life of the warrants as of March 31, 2024 is 1.33 years (December 31, 2023: 1.58 years).

Share-based payments

The were no changes in share-based payments during the three months ended March 31, 2024.

For the three months ended March 31, 2024, $nil in share-based compensation was recognized in the consolidated statements of loss and comprehensive loss (March 31, 2023: $336,600 with the grant of 200,000 stock options).

Options outstanding as of March 31, 2024 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	
6,280,000	6,280,000	20-Apr-22	20-Apr-27	0.70	2,463,644	65%	2.63%	5.00	0%
2,680,000	2,680,000	1-Jun-22	1-Jun-27	1.24	1,891,276	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%
1,932,000	1,932,000	3-Nov-22	3-Nov-27	1.69	1,906,884	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%
2,140,000	2,140,000	15-Nov-23	15-Nov-28	1.44	2,480,260	111%	3.88%	5.00	0%
150,000	150,000	1-Dec-23	1-Dec-28	1.60	191,850	110%	3.50%	5.00	0%
13,782,000	**13,782,000**				**9,585,689**				

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.

12. CAPITAL MANAGEMENT (continued)

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, 2024 and 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 and cash equivalents, amounts receivable, accounts payable and accrued liabilities whose carrying values reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. Management believes the carrying value of lease liabilities approximate fair value. As at March 31, 2024, the Company's financial instruments that are carried at fair value, being cash equivalents, are classified as Level 1 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.

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

b. *Cash and cash equivalents*
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.

13. FINANCIAL INSTRUMENTS (Continued)

(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 some corporate 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, 2024 , the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

March 31, 2024	Brazilian reals	US dollars
Cash	$ 1,863,303	$ 2,850
Accounts payable and accrued liabilities	(2,042,752)	(2,041,333)
Lease liabilities	(444,010)	-
	$ (623,459)	$ (2,038,483)

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately $62,000 (March 31, 2023 - $107,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately $102,000 (March 31, 2023 - $207,000).

(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 March 31, 2024, the Company had a cash and cash equivalents balance of $4,617,825 (December 31, 2023 - $11,167,803) to settle current liabilities of $4,914,826 (December 31, 2023 - $4,782,662). Of the current liabilities, approximately $2,700,000 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 at this time as the Company is not a producing entity.

Expressed in Canadian Dollars

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, 2024 and 2023, the remuneration of directors and other key management personnel is as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Management and Consulting fees	$ 768,701	$ 488,803
Share-based compensation	-	-
Total	**$ 768,701**	**$ 488,803**

As at March 31, 2024, an amount of approximately $222,500 (December 31, 2023 - $227,800), 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, 2024, the Company paid $30,000 (March 31, 2023: $7,500) to Troilus Gold Corp. for office space, administrative services and reimbursable costs. As at March 31, 2024, a balance of $nil (December 31, 2023: $315) is payable to Troilus Gold Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Gold Corp, and Mr. Ian Pritchard, a director of the Company, is an officer of Troilus Gold Corp.

Also during the three months ended March 31, 2024, the Company paid $15,651 (March 31, 2023: $18,512) to Falcon Metais Ltda. for various administrative services. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda.

During 2023, the Company entered into an agreement with Valitar, an entity controlled by the Company and in which Mr. Helio Diniz indirectly owns a 90% interest and of which he is an officer, for a non-revolving credit facility of R$10,000,000 ($2,752,000), with the full facility drawn down at March 31, 2024. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. 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 upon commencement of production, MGLIT will pay royalties to Valitar. The loan facility has been eliminated on consolidation.

Expressed in Canadian Dollars

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:

March 31, 2024		Brazil		Canada		Total
Cash and cash equivalents	$	1,863,303	$	2,754,522	$	4,617,825
Amounts receivable		92		188,907		188,999
Prepaid expenses		361,959		129,135		491,094
Equipment		1,087,661		-		1,087,661
Total Assets	**$**	**3,313,015**	**$**	**3,072,564**	**$**	**6,385,579**
Accounts payable and accrued liabilities	$	2,042,806	$	2,626,184	$	4,668,990
Lease liabilities		444,010		-		444,010
Total Liabilities	**$**	**2,486,816**	**$**	**2,626,184**	**$**	**5,113,000**

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, 2024, these contracts require payments of approximately $7,950,000 (December 31, 2023 - $7,600,000) 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 $2,700,000 (December 31, 2023 - $2,410,000) pursuant to the terms of these contracts as of March 31, 2024. As a triggering event has not taken place on March 31, 2024, these amounts have not been recorded in these consolidated financial statements.

Other

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, 2025, the Company shall pay an additional R$14,950,000. As at March 31, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

16. COMMITMENTS AND CONTINGENCIES (continued)

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$50,000 on July 20, 2024; and R$29,950,000 on or before January 20, 2025 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% Li2O, 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% Li2O 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% Li2O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD$1,000,000. As at March 31, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

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.

See Notes 1, 4, 7 and 8.

17. SUBSEQUENT EVENT

On May 30, 2024, the Company announced that it has executed a binding term sheet with Appian Capital Advisory LLP ("Appian") to sell a 2.25% gross revenue royalty on its Bandeira Deposit in exchange for an upfront cash consideration of US$20,000,000 with an option for the Company to fully buy-back the royalty within the first five years for a fee of US$67,500,000. The closing and funding of this royalty are subject to the execution of a definitive agreement between the Company and Appian. Funding is subject to customary conditions precedent, including the finalization and execution of documentation and the provision of legal opinions.