



LITHIUM IONIC CORP.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on October 5, 2023

Virtual Meeting via Live Webcast

<https://virtual-meetings.tsxtrust.com/en/1549>

August 24, 2023

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

WHEN:	WHERE:	RECORD DATE:
October 5, 2023 at 10:00 a.m. (Eastern time)	Virtual only Meeting via the TSX Trust Virtual Meeting Platform located at: https://virtual- meetings.tsxtrust.com/en/1549 Password: lithium2023(case sensitive)	August 16, 2023

NOTICE IS HEREBY GIVEN that an ANNUAL AND SPECIAL MEETING (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of Lithium Ionic Corp. (the “**Corporation**”) will be held in a virtual-only format on October 5, 2023 at 10:00 a.m. (Eastern time) via the TSX Trust Virtual Meeting Platform at URL: <https://virtual-meetings.tsxtrust.com/en/1549>, Meeting ID: 1549 and Password: lithium2023 (case sensitive).

The Meeting will be held for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2022 and the period from the date of incorporation (July 5, 2021) to December 31, 2021, together with the reports of the auditors thereon;
2. to elect the directors of the Corporation;
3. to re-appoint Deloitte LLP, Chartered Professional Accountants, as the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix their remuneration and the terms of their engagement;
4. to consider and, if thought fit, to approve an ordinary resolution ratifying and approving the Corporation’s stock option plan, as such resolution is set forth in the Corporation’s management information circular dated August 24, 2023 (the “**Circular**”) and
5. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

The Management Information Circular provides additional information relating to voting and the matters to be dealt with at the Meeting and forms part of this Notice of Meeting. The record date for the determination of those Shareholders entitled to receive the Notice of Meeting is the close of business, being 5:00 p.m. (Eastern time), on August 16, 2023.

The Shareholders will not be able to attend the Meeting in person. At the virtual Meeting, registered Shareholders and duly appointed proxyholders, who have logged in with a valid control number, will have an opportunity to participate, ask questions and vote, all in real time through a web-based platform. Non-registered Shareholders must carefully follow the procedures set out in the Circular in order to vote virtually at the Meeting and ask questions. Guests, including non-registered Shareholders who have not been duly appointed as proxyholders, can log into the virtual Meeting as a guest. Guests may listen to the Meeting but will not be entitled to vote at the Meeting.

In connection with the Meeting, the Corporation will be using the Canadian Securities Administrators’ “notice-and-access” delivery method which allows the Corporation to furnish the

Management Information Circular and accompanying materials to Shareholders via the internet, thereby resulting in lower administrative costs and a reduction in the environmental impact of the Meeting.

Instructions for Attending the Meeting

In order to attend the Meeting virtually, Shareholders should log in at <https://virtual-meetings.tsxtrust.com/en/1549> at least fifteen (15) minutes prior to the start of the Meeting. Once logged in, registered Shareholders will be required to provide the password lithium2023 and their control number to vote at the Meeting. Alternatively, Shareholders can take steps to submit their votes by proxy by following the instructions below and as further set out in the Circular.

If you are a registered Shareholder and are unable to attend the Meeting virtually, please complete, sign, date and return the enclosed form of proxy to TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, M5H 4H1, or by facsimile to 416-595-9593, or complete the form of proxy by such other method as is identified, and pursuant to any instructions contained, in the form of proxy. In order to be valid for use at the Meeting, proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment(s) or postponement(s) thereof.

If you are a non-registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. If you are a non-registered Shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.

Further information with respect to voting by proxy is included in the accompanying Circular. If you have any questions or need assistance with the completion and delivery of your proxy, please contact the Corporation's Corporate Secretary, Damian Lopez, by email at damian@lithiumionic.com.

DATED at Toronto, Ontario, as of the 24th day of August, 2023.

BY ORDER OF THE BOARD OF
DIRECTORS

(signed) Blake Hylands

Mr. Blake Hylands
Chief Executive Officer

LITHIUM IONIC CORP. MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “Management Information Circular”) is furnished in connection with the solicitation of proxies by the management (the “Management”) of Lithium Ionic Corp. (the “Corporation”) for use at the Annual and Special Meeting (the “Meeting”) of holders (the “Shareholders”) of common shares of the Corporation (the “Common Shares” or the “shares”) to be held at the time and place and for the purposes set forth in the attached notice of Meeting of Shareholders (the “Notice of Meeting”). Except as otherwise stated, the information contained herein is given as of August 24, 2023. In this Management Information Circular, all references to dollar amounts are to Canadian dollars, unless otherwise specified. All references herein to the Corporation shall include its subsidiaries as the context may require. It is expected that the solicitation of proxies will be primarily by mail; however, proxies may also be solicited by directors, officers and certain employees of the Corporation by telephone, facsimile or in person but will not receive additional compensation for doing so. The cost of solicitation of proxies by Management will be borne by the Corporation.

The Corporation may pay the reasonable costs incurred by persons who are the Non-Registered Holders (as defined below) but not beneficial owners of shares (such as brokers, dealers and other registrants under applicable securities law and nominees and custodians) in sending or delivering copies of the Notice of Meeting, the Management Information Circular, the form of proxy and the financial statement request form to the Non-Registered Holders. Payments will be made upon receipt of an appropriate invoice. The Corporation will furnish to such persons, upon request to the Secretary of the Corporation, 400-36 Lombard Street, Toronto, Ontario, M5C 2X3 and without additional cost, additional copies of the Notice of Meeting, Management Information Circular, financial statements, financial statement request form and form of proxy.

Except as noted below, the Corporation has distributed or made available for distribution, copies of the Meeting Materials (as defined below) to the Intermediaries (as defined below) for distribution to Non-Registered Holders whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Non-Registered Holder unless a Non-Registered Holder has waived the right to receive them. The Corporation has elected to pay for the delivery of the Meeting Materials to objecting Non-Registered Holders by the Intermediaries. The Corporation is sending proxy-related materials directly to non-objecting Non-Registered Holders, through the services of its transfer agent and registrar, TSX Trust Company (“**TSX Trust**”). The solicitation of proxies from Non-Registered Holders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Non-Registered Holders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Corporation is relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to Registered Shareholders or Non-Registered Holders.

NOTICE-AND-ACCESS

As previously noted, the Corporation is utilizing the notice-and-access mechanism that came into effect on February 11, 2013 under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) and National Instrument 51-102 - *Continuous Disclosure Obligations* (“NI 51-102”) for distribution of this Management Information Circular and other materials to the Shareholders. Notice-and-access is a new set of rules that allows issuers to post electronic versions of Meeting Materials (as hereinafter defined) online via SEDAR+ and one other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of the Management Information Circular may be found on SEDAR+ at www.sedarplus.ca and also on <https://docs.tsxtrust.com/2386>.

Shareholders are reminded to review the Management Information Circular before voting.

Although this Management Information Circular will be posted electronically online as noted above, Shareholders will receive paper copies of a “notice package” via prepaid mail containing the Notice of Meeting with information prescribed by NI 54-101 and NI 51-102, as well as a voting instruction form or form of proxy.

The Corporation anticipates that utilizing the notice-and-access process will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing the Meeting Materials (as hereinafter defined). It also provides Shareholders with faster access to information about the Corporation.

Shareholders with questions about notice-and-access may contact TSX Trust at 1-416-342-1091 (local) or 1-866-600-5869 (toll-free) from the date hereof to the Meeting Date, or the Corporation from the date hereof to October 5, 2023. Shareholders may obtain paper copies of this Management Information Circular free of charge by contacting TSX Trust from the date hereof up to and including the Meeting Date or the Corporation from the Meeting Date up to one year from the date this Management Information Circular was filed on SEDAR+.

A request for paper copies before the Meeting should be sent well in advance, so that it is received by the Corporation or TSX Trust by September 26, 2023 in order to allow sufficient time for the Shareholders to receive the paper copies and to return the instruction forms to the Corporation or their Intermediaries (as defined hereinafter), as applicable, by the due date.

Shareholders may request paper copies of the Meeting Materials (as hereinafter defined) up to one year after the filing of this Management Information Circular. Interested Shareholders can contact TSX Trust at 1-416-342-1091 (local) or 1-866-600-5869 (toll-free) or email at tsxtis@tmx.com to make a request.

PROXIES AND VOTING

Shareholders who are unable (or who do not intend) to attend the Meeting virtually and who wish to have their shares voted at the Meeting are requested to date, sign and return, in the envelope provided for that purpose, the enclosed form of proxy. Proxies must be deposited: (i) with the Corporation’s transfer agent and registrar, TSX Trust, on or before 10:00 a.m. (Eastern time) on October 3, 2023, or forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting if the Meeting is adjourned; or (ii) with the Chair of the

Meeting prior to the commencement of the Meeting or any adjournment thereof, in order for the shares represented thereby to be voted at the Meeting or any adjournment thereof.

The shares represented by any proxy in favour of the nominees of Management named therein will be voted for, against or withheld from voting with respect to the matters described herein in accordance with the instructions provided in any such proxy on any ballot that may be called for and if a Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of any specification to the contrary, such proxies will be voted in favour of the passing of the matters set out in the Notice of Meeting.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. As of the date hereof, Management knows of no other matters to come before the Meeting other than matters referred to in the Notice of Meeting. If any matters which are not now known should properly come before the Meeting or if any amendments or variations to the matters referred to in the Notice of Meeting are presented for consideration at the Meeting, the forms of proxy will be voted on such matters, amendments and variations in accordance with the best judgment of the person voting the proxy.

The persons named in the enclosed form of proxy are officers of the Corporation and represent Management. Each Shareholder has the right to appoint a person or a company (who need not be a Shareholder) other than the persons named in the accompanying form of proxy as proxy holder to represent the Shareholder at the Meeting. The Shareholder may exercise this right by inserting the name of the nominee in the space provided in the enclosed form of proxy or may complete another appropriate form of proxy, and in each case delivering the completed proxy in the manner set forth above.

Instructions for Logging-In and Voting at the Virtual Meeting

The Meeting will be hosted virtually via live audio webcast at <https://virtual-meetings.tsxtrust.com/en/1549> (Password: lithium2023) case sensitive.

Registered Shareholders entitled to vote at the Meeting may attend and vote at the Meeting virtually by following the steps listed below:

1. Type in <https://virtual-meetings.tsxtrust.com/en/1549> on your browser at least 15 minutes before the Meeting starts.
2. Click on “**I have a control number**”.
3. Enter your 12-digit control number (on your proxy form).
4. Enter the password: lithium2023 (case sensitive).
5. When the ballot is opened, click on the “Voting” icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

Beneficial Shareholders entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or voting instruction form.
2. Sign and send it to your intermediary, following the voting deadline and submission instructions on the voting instruction form.
3. Obtain a control number by contacting TSX Trust by emailing tsxtrustproxyvoting@tmx.com the “Request for Control Number” form, which can be found at <https://tsxtrust.com/resource/en/75>.
4. Type in <https://virtual-meetings.tsxtrust.com/en/1549> in your browser at least 15 minutes before the Meeting starts.
5. Click on “**I have a control number**”.
6. Enter the control number provided by tsxtrustproxyvoting@tmx.com.
7. Enter the password: lithium2023 (case sensitive).
8. When the ballot is opened, click on the “Voting” icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

If you are a registered Shareholder and you want to appoint someone else (other than the Management nominees) to vote online at the Meeting, you must first submit your proxy indicating who you are appointing. You or your appointee must then register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the “Request for Control Number” form, which can be found here: <https://tsxtrust.com/resource/en/75>. If you are a non-registered Shareholder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the “Request for Control Number” form, which can be found here: <https://tsxtrust.com/resource/en/75>.

Guests can also listen to the Meeting by following the steps below:

1. Type in <https://virtual-meetings.tsxtrust.com/en/1549> in your browser at least 15 minutes before the Meeting starts. Please do not do a Google Search. Do not use Internet Explorer.
2. Click on “**I am a Guest**”.

If you have any questions or require further information with regard to voting your Shares, please contact TSX Trust toll-free in North America at 1-866-600-5869 or by email at tsxtis@tmx.com.

NON-REGISTERED HOLDERS

The information in this section is of significant importance to Shareholders who do not hold their Common Shares in their own name. Only registered holders of Common Shares or duly appointed proxy holders are permitted to vote at the Meeting. Many Shareholders of the Corporation are Non-Registered Holders because the voting shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares.

More particularly, a person is a Non-Registered Holder in respect of Common Shares which are held on behalf of that person (the “**Non-Registered Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant. In accordance with the requirements of NI 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Management Information Circular, a form of proxy, a voting instruction form (if applicable) and a financial statement request form (collectively the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- a. be given a form of proxy **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “voting instruction form” or a “proxy authorization form”) which the Intermediary must follow. Typically, the Non-Registered Holder will also be given a page of instruction which contains a removable label containing a bar code and other information. In order for the form of proxy to be validly constituted, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- b. less typically, be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deliver it to TSX Trust as provided under “Proxies and Voting” above.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares of the Corporation which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting virtually in real-time (or have another person virtually attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder’s (or such other persons) name in the blank space provided. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the form of proxy is to be delivered.**

REVOCATION OF PROXIES

A proxy given by a Shareholder for use at the Meeting may be revoked at any time prior to its use. In addition to revocation in any other manner permitted by law, a Shareholder who

has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized in writing, and deposited either at the principal office of the Corporation, 400-36 Lombard Street, Toronto, Ontario, M5C 2X3, to the attention of the Secretary, on or before the last business day preceding the day of the Meeting or any adjournment thereof or, as to any matter upon which a vote has not already been cast pursuant to the authority conferred by such proxy, with the Chair of the Meeting on the day of the Meeting or any adjournment thereof.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed August 16, 2023 as the record date (the "**Record Date**") for the purposes of determining Shareholders entitled to receive the Notice of Meeting and vote at the Meeting. The Corporation is authorized to issue an unlimited number of Common Shares, of which 138,185,554 Common Shares were issued and outstanding as at the Record Date. In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation has prepared a list of the Shareholders on the Record Date. Each Common Share carries one vote in respect of each matter to be voted on at the Meeting. Only holders of Common Shares of record at the close of business on the Record Date are entitled to vote at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, as at the date of this Management Information Circular, no persons beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights of the total issued and outstanding Common Shares as at the Record Date.

A quorum for the Meeting and any adjournments thereof is constituted by the attendance of holders of not less than 10% of the shares entitled to vote at a meeting of Shareholders, present in person or represented by proxy.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

1. Financial Statements

The Corporation's audited consolidated financial statements for the financial year ended December 31, 2022 and the period from the date of incorporation (July 5, 2021) to December 31, 2021, together with the report of the auditors thereon, will be placed before the Meeting. The annual audited consolidated financial statements of the Corporation are available on SEDAR+ at www.sedarplus.ca. No vote with respect thereto is required, nor will it be taken.

2. Election of Directors

The Board currently consists of six directors. The terms of office of each current director of the Corporation will expire on the date of the Meeting when the new Board of Directors is elected. Each proposed director, if elected at the Meeting, will hold office until the next annual general meeting of Shareholders or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by removal, death or other cause.

An affirmative vote of a majority of the votes cast at the Meeting is required for the election of directors.

Common Shares represented by proxies in favour of Management nominees will be voted in favour

of such resolution unless such proxies specify that the Common Shares represented thereby shall be withheld from voting. In the event a nominee is unable or unwilling to serve, an event that Management has no reason to believe will occur, the persons named in the accompanying form of proxy reserve the right to vote for another person at their discretion, unless a Shareholder has specified in the form of proxy that these Common Shares are to be withheld from voting for the election of directors.

The following table sets out the name of each of the persons proposed to be nominated by Management for election as director, all other positions and offices with the Corporation now held by such persons, their municipality of residence and principal occupation, the year in which such persons became a director of the Corporation, if applicable, and the number of Common Shares of the Corporation beneficially owned by them, directly or indirectly, or over which they exercise control or direction, as at the date hereof. The information as to Common Shares owned or controlled has been provided by the applicable person named.

Name and Municipality of Residence	Present Principal Occupation	Director Since	Number of Common Shares Beneficially Owned or Controlled⁽¹⁾
Blake Hylands <i>Toronto, Ontario</i>	Chief Executive Officer and Director, Lithium Ionic Corp.; President, Troilus Gold Corporation	May 19, 2022	Nil
Helio Diniz <i>Belo Horizonte, Brazil</i>	President and Director, Lithium Ionic Corp.; Managing Director of Brazil Potash Corp.	May 19, 2022	8,200,000
Patrizia Ferrarese ⁽²⁾ <i>Toronto, Ontario</i>	Director, Lithium Ionic Corp.; Vice President of Business Design and Innovation at Investment Planning Counsel	May 19, 2022	6,500
David Gower <i>Toronto, Ontario</i>	Director, Lithium Ionic Corp.; CEO of Emerita Resources Corp.	May 19, 2022	4,010,000
Lawrence Guy ⁽²⁾ <i>Toronto, Ontario</i>	Director, Lithium Ionic Corp.; CEO of North 52nd Asset Management Inc.	May 19, 2022	8,000,000
Michael Shuh ⁽²⁾ <i>Toronto, Ontario</i>	Director, Lithium Ionic Corp.; Managing Director, Investment Banking, at Canaccord Genuity	May 19, 2022	Nil
Juliana Sprott <i>Toronto, Ontario</i>	Chief Giving Officer with the Sprott Foundation	Inaugural Director Nomination	Nil
Ian Pritchard <i>Blue Mountains, Ontario</i>	Chief Operating Officer, Belo Sun Mining Corp.	Inaugural Director Nomination	Nil

Notes:

- (1) Excluding Common Shares issuable upon the exercise of outstanding options and warrants, Mr. Hylands has 1,725,000 options and no warrants, Mr. Diniz has 1,550,000 options and no warrants, Ms. Ferrarese has 700,000 options and no warrants, Mr. Gower has 1,375,000 options and no warrants, Mr. Guy has 1,375,000 options and no

warrants and Mr. Shuh has 700,000 options and no warrants. Each option is exercisable into one (1) Common Share upon payment of the exercise price therefor.
(2) Member of the Audit Committee. Mr. Guy is the Chair of the Audit Committee.

Biographical Information

The following briefly describes the qualifications and experience of the nominees to the Board:

Blake Hylands

Chief Executive Officer and Director, 36 – Mr. Hylands is a Professional Geoscientist with over a decade of experience in advanced and early-stage exploration. Mr. Hylands is currently the President for Troilus Gold Corp. where he has built and led a substantial technical team to the discovery of over eight million gold equivalent ounces at their development stage asset in northern Quebec. He has successfully trained and managed large teams with a focus in gold, base metals, and iron ore in Canada and internationally including South America and Europe. He has held numerous board positions for junior mining companies and has extensive professional experience in capital markets and community outreach including executive roles in corporate development and communications with First Nations. Mr. Hylands has a B.Sc in Geology from the University of Western in London Ontario.

Helio Diniz

President and Director, 66 – Mr. Diniz, has 40 years of experience with exploration and mining activities and has served as the Managing Director of Brazil Potash Corp. since July 2009. Mr. Diniz started his career with GENCOR South Africa where he was involved in the evaluation and development of the Sao Bento gold mine in Brazil currently operated by Eldorado Gold Corp. He then went on to work for Xstrata (now Glencore) as Managing Director Brazil during which he discovered the world class Araguaia Nickel Deposit (over 100 million tonnes, 1.5% Ni). He then went on to set up several companies, such as Falcon Metais and HDX Consultoria, as an entrepreneur to identify, explore and develop mining opportunities in Brazil. During this time, he founded and developed several companies for the Forbes & Manhattan Inc. group in different commodities such as potash – Brazil Potash, phosphate – Agua Metais, gold – Belo Sun Mining and oil shale – Irati Petroleo e Energia Ltda.

Patrizia Ferrarese

Director, 51 – Ms. Ferrarese has more than 20 years of experience in capital markets, entrepreneurship, and strategy consulting. She is currently Vice President (VP) of Business Design and Innovation at Investment Planning Counsel (IPC), overseeing strategic growth initiatives in wealth management. Prior to joining IPC as VP of Product Management, Ms. Ferrarese held senior roles in product management and performance optimization at Tangerine Bank and Praxair, with responsibility for strategic growth across Canada. Her management consulting experience includes engagements in South America and EMEA spanning graphite, oil and gas, and potash industries focused on identifying new market opportunities. Her career includes equity and options market making and trading in North America, culminating in portfolio and commodity trading manager roles as co-founder of an investment management company. Beyond her professional career, Ms. Ferrarese mentors case competition teams at the Rotman School of Management and is an Advisor with Catalyze+. Ms. Ferrarese holds a Doctorate in Business Administration from SDA Bocconi, an MBA from Wilfrid Laurier University, and a Bachelor of Arts (Honours) in Economics from York University.

David Gower

Director, 65 – Mr. Gower has held Executive and Director positions with several junior and midsize mining companies for the past 15 years, including Chief Executive Officer and Director of Emerita Resources, Lithium Ionic Resources and President of Brazil Potash Corp. David spent over 20 years with Falconbridge (now Glencore) as Director of Global Nickel and PGM exploration and as a member of the Senior Operating Team for mining projects and operations. He led exploration teams that made brownfield discoveries at Raglan and Sudbury, Matagami, Falcondo, in the Dominican Republic, and greenfield discoveries at Araguaia in Brazil, Kabanga in Tanzania and Amazonas in Brazil. Mr. Gower is a Director of Alamos Gold.

Lawrence Guy

Director, 52 – Mr. Guy is Chief Executive Officer of North 52nd Asset Management Inc. and Chair of Emerita Resources Corp. Previously, Larry was a Portfolio Manager with Aston Hill Financial Inc. Prior to Aston Hill, Mr. Guy was Chief Financial Officer and Director of Navina Asset Management Inc., a company he co-founded that was subsequently acquired by Aston Hill Financial Inc. Mr. Guy has also held senior offices at Fairway Capital Management Corp., and First Trust Portfolios Canada Inc. Mr. Guy holds a Bachelor of Arts (Economics) degree from the University of Western Ontario and is a Chartered Financial Analyst.

Michael Shuh

Director, 54 – Mr. Shuh is a Managing Director, Investment Banking, at Canaccord Genuity. Mr. Shuh has over 20 years of investment banking experience and leads the Financial Institutions Group at Canaccord Genuity, Canada's largest independent investment bank. In addition to covering traditional financial institutions, Mr. Shuh has deep expertise in structured finance and special purpose acquisition corporations (SPACs). Mr. Shuh is also the CEO and Chairman of Canaccord Genuity Growth II Corp., a publicly-listed SPAC that raised \$100MM to pursue acquisitions. Mr. Shuh received an Honours, Bachelor of Business Administration from the Lazaridis School of Business & Economics at Wilfrid Laurier University and a Masters of Business Administration from the Richard Ivey School of Business at Western University.

Juliana Sprott

Director, 48 - , Ms. Sprott is the Chief Giving Officer at the Sprott Foundation. Ms. Sprott has a B.A. from the University of Western Ontario and completed the one-year program, The Philanthropy Workshop, at the Institute for Philanthropy. She is fluent in English and French. Prior to her work in philanthropy, Juliana was in sports broadcasting, including on Hockey Night in Canada and in the NFL for the Jacksonville Jaguars.

Ian Pritchard

Director, 63 - Mr. Pritchard has over 30 years of experience in project and operations management in the mining industry both in North America as well as internationally, including, in particular, Brazil. Mr. Pritchard's mining experience includes the management of pre-feasibility and feasibility studies, engineering, procurement and construction management projects. He has held senior executive positions at various organizations worldwide including SNC-Lavalin and De Beers Canada.

Regulatory Matters, Bankruptcies and Insolvencies

To the knowledge of the Corporation, no nominee for director of the Corporation is, at the date of this Management Information Circular, or has been, within 10 years before the date of this Management Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

1. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that person was acting as director, chief executive officer or chief financial officer;
2. was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under the securities legislation for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and that resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
3. while that person was acting in the capacity as director, chief executive officer or chief financial officer or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies, etc.

To the knowledge of the Corporation, no nominee for director, nor any personal holding company of any such nominee, has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties Under Securities Legislation

To the knowledge of the Corporation, no nominee for director, nor any personal holding company of any such nominee, (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) has had any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

4. Appointment of Auditors

Shareholders will be requested to re-appoint Deloitte LLP, Chartered Professional Accountants, Toronto, Ontario, as auditors of the Corporation to hold office until the next annual meeting of Shareholders and to authorize the directors to fix their remuneration and the terms of their engagement. Deloitte LLP has served as the auditors of the Corporation since May 10, 2023.

To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of Management will be voted in favour of the re-appointment of Deloitte LLP as auditors of the Corporation to hold office until the next annual meeting of Shareholders and the authorization of the directors to fix their terms of engagement and remuneration, unless the Shareholder has specified in a proxy that his or her shares are to be withheld from voting in respect thereof.

Deloitte LLP were appointed auditors for the Corporation on May 10, 2023, following the resignation of McGovern Hurley LLP at the Corporation's request. In accordance with Section 4.11 of NI 51-102, a copy of the "reporting package" (as such term is defined in NI 51-102) is attached to this Information Circular as Exhibit A. As indicated in the "Notice of Change of Auditor" contained in the reporting package, there have been no (a) modified opinions expressed in McGovern Hurley LLP's reports on the Corporation's financial statements relating to the "relevant period" (as defined in subparagraph 4.11(1) of NI 51-102); and (b) there have been no "reportable events" (as defined in subparagraph 4.11(1) of NI 51-102). The resignation of McGovern Hurley LLP and the appointment of Deloitte LLP were approved by the Audit Committee. Letters from McGovern Hurley LLP and Deloitte LLP confirming their agreement with the Notice of Change of Auditor are included in the reporting package attached hereto as Exhibit A.

5. Approval of Stock Option Plan

The Corporation's stock option plan (the "Stock Option Plan") is designed to advance the interests of the Corporation by encouraging employees, officers and consultants to have equity participation in the Corporation through the acquisition of Common Shares. Accordingly, the Corporation has adopted the Stock Option Plan. A copy of the Stock Option Plan is attached at Schedule "A" hereto. The following is a summary of the terms of the proposed Plan, which is qualified in its entirety by the provisions of the Stock Option Plan.

The Stock Option Plan is a "rolling" stock option plan under the policies of the TSX Venture Exchange as under the Stock Option Plan the Corporation is authorized to grant stock options of up to 10% of its issued and outstanding Common Shares at the time of the stock option grant, from time to time, with or without vesting provisions. As of the Record Date, there is an aggregate of 11,507,000 stock options outstanding under the Corporation's existing stock option plan, which represents approximately 8.33% of the total issued and outstanding Common Shares.

Directors, senior officers, employees and consultants are eligible to receive stock options under the Stock Option Plan. Upon the termination of an optionholder's engagement with the Corporation, the stock options held by such optionholder will be cancelled 90 days following such optionholder's termination from the Corporation. Subject to limited exceptions, stock options granted under the Stock Option Plan are not assignable.

The terms and conditions of each option granted under the Stock Option Plan will be determined by the Board. Stock options will be priced in the context of the market and in compliance with applicable securities laws and TSX Venture Exchange guidelines. Vesting terms will be determined

at the discretion of the Board. The Board shall also determine the term of stock options granted under the Stock Option Plan, provided that no stock option shall be outstanding for a period greater than ten years.

The Board believes that except for certain material changes to the Stock Option Plan it is important that the Board has the flexibility to make changes to the Stock Option Plan without shareholder approval, including amendments to the vesting provisions of options granted under the Stock Option Plan, changes to termination provisions of options granted under the plan, amendments required pursuant to changes in securities laws or as requested by the TSX Venture Exchange or such other senior stock exchange or stock market, and amendments of a housekeeping nature and which are of a typographical, grammatical or clerical in nature.

The Stock Option Plan does not provide for the transformation of stock options granted under the Stock Option Plan into stock appreciation right involving the issuance of securities from the treasury of the Corporation.

The Corporation will not provide financial assistance to any optionholder to facilitate the exercise of options under the Stock Option Plan.

The Corporation is required to obtain the approval of its Shareholders of any stock option plan that is a “rolling” plan yearly at the Corporation’s annual meeting of Shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve the following ordinary resolution approving the Stock Option Plan:

“BE IT RESOLVED THAT:

1. the Stock Option Plan of Lithium Ionic Corp. (the “Corporation”), as described in the management information circular of the Corporation dated August 24, 2023, is hereby approved; and
2. any director or officer of the Corporation is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions.”

The Board recommends that the Shareholders vote in favour of the approval of the Corporation’s Stock Option Plan. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE STOCK OPTION PLAN UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST SUCH ORDINARY RESOLUTION.

STATEMENT OF EXECUTIVE COMPENSATION

1. Introduction

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* (“**Form 51-102F6V**”), and sets forth compensation provided to each Named Executive Officer (as defined below) and director of the Corporation for, or in connection with, services they have provided to the Corporation during the financial year ending December 31, 2022.

2. Compensation Discussion and Analysis

General

The Corporation compensates its officers and consultants in a manner designed to support the Corporation’s strategic objectives, ensure that incentive programs are designed to motivate officers and consultants to achieve or exceed corporate objectives and enhance shareholder value.

The Corporation’s executive compensation is comprised of base salary, indirect compensation and long-term incentives in the form of stock options (“**Options**”). In determining actual compensation levels, a holistic approach is used rather than considering any single element in isolation. Total compensation levels are set at levels which reflect both the marketplace (to ensure competitiveness) and the responsibility of each position (to ensure internal equity).

The Corporation’s executive compensation is granted in a manner with the following objectives in mind:

- to attract, retain and motivate qualified executives;
- to provide incentives to executives to maximize productivity and enhance enterprise value by aligning the interests of the executives with those of the shareholders of the Corporation;
- to foster teamwork and entrepreneurial spirit;
- to establish a direct link between all elements of compensation and the performance of the Corporation and individual performance; and
- to integrate compensation incentives with the development and successful execution of strategic and operating plans.

No benefits were paid, and no benefits are proposed to be paid, to any of the Corporation’s officers or consultants under any pension or retirement plan.

Option-Based Awards

The purpose of the Lithium Ionic Stock Option Plan (the “**Option Plan**”) is to advance the interests of the Corporation by encouraging equity participation in the Corporation through the acquisition of Common Shares. The Option Plan is administered by the board of directors of the Corporation, which has full and final authority with respect to the granting of all Options thereunder.

In establishing the number of Options to be granted, reference is made to the number of Options granted to directors and officers of other publicly-traded companies of a similar size in the mineral

exploration and development business. In addition, the Board considers previous grants of Options and the overall number of Options which are outstanding relative to the number of outstanding Common Shares in determining whether to grant any additional Options, and the size and terms of such Option grants, as well as the level of effort, time, responsibility, experience and level of commitment of the director or officer to determine the level of Option compensation.

3. Summary Compensation Table

Director and Named Executive Officer Compensation

“**Named Executive Officer**” or “**NEO**” means, for the purposes of this Statement of Executive Compensation in regards to the Corporation, each of the following individuals:

- a. a Chief Executive Officer (“**CEO**”) of the Corporation;
- b. a Chief Financial Officer (“**CFO**”) of the Corporation;
- c. each of the Corporation’s three most highly compensated executive officers (including any of the Corporation’s subsidiaries), or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the financial year ended December 31, 2022; and
- d. each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at December 31, 2022.

The Corporation completed a reverse take-over transaction by way of a three-cornered amalgamation on May 19, 2022, pursuant to which shareholders of Lithium Ionic Inc., a private entity, exchanged shares of Lithium Ionic Inc. for Shares of the Corporation (the “**RTO**”). The business of Lithium Ionic Inc. became the business of the Corporation and the Corporation was renamed Lithium Ionic Corp. Additional information regarding executive compensation of Lithium Ionic Inc. and the Corporation prior to the RTO can be obtained in the Filing Statement dated May 12, 2022 available on the Corporation’s SEDAR+ profile at www.sedarplus.ca.

The following table summarizes the compensation paid during the two most recently completed financial years in respect of the Named Executive Officers and each of the directors of the Corporation, including the Corporation’s former CFO in respect of the year ended December 31, 2022 as well as by former Named Executive Officer of the Corporation (prior to the RTO) in respect of the fiscal years ended 2022 and 2021.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Blake Hylands ⁽¹⁾⁽⁴⁾⁽⁵⁾ <i>CEO & Director</i>	2022	200,000	63,240	Nil	Nil	Nil	263,240
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Tom Olesinski ⁽³⁾⁽⁵⁾ <i>CFO</i>	2022	33,334	Nil	Nil	Nil	Nil	33,334
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Greg Duras ⁽²⁾⁽⁵⁾ <i>Former CFO</i>	2022	81,696	25,000	Nil	Nil	Nil	106,696
	2021	6,354	Nil	Nil	Nil	Nil	6,354
Helio Diniz <i>President & Director</i>	2022	250,509	250,000	Nil	Nil	Nil	500,509
	2021	26,178	150,000	Nil	Nil	Nil	176,178
Patrizia Ferrarese ⁽⁴⁾ <i>Director</i>	2022	37,500	Nil	Nil	Nil	Nil	37,500
	2021	Nil	Nil	Nil	Nil	Nil	Nil
David Gower ⁽⁴⁾⁽⁵⁾ <i>Director</i>	2022	247,841	250,000	Nil	Nil	Nil	497,841
	2021	26,000	150,000	Nil	Nil	Nil	176,000
Lawrence Guy ⁽⁴⁾⁽⁵⁾ <i>Director</i>	2022	247,936	250,000	Nil	Nil	Nil	497,936
	2021	25,777	150,000	Nil	Nil	Nil	175,777
Michael Shuh ⁽⁴⁾ <i>Director</i>	2022	37,500	Nil	Nil	Nil	Nil	37,500
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Former Directors and NEOs of the Corporation (prior to the RTO)							
Pasquale DiCapo <i>CEO, CFO, Secretary and Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Adam Parsons <i>Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
David D'Onofrio <i>Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Hylands was appointed as Chief Executive Officer of the Corporation on May 19, 2022.
(2) Mr. Duras was appointed as Chief Financial Officer of the Corporation on May 19, 2022 and resigned on November 3, 2022.
(3) Mr. Olesinski was appointed a Chief Financial Officer of the Corporation on November 3, 2022 following the resignation of Mr. Duras.
(4) Appointed as director of the Corporation on May 19, 2022.
(5) Compensation has been paid as consulting fees under the independent contractor agreement with the Director / Named Executive Officer as described under the heading “Statement of Executive Compensation – Employment, Consulting and Management Agreements” of this Circular.

4. Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Corporation for services provided or to be provided, directly or indirectly, to the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry
Blake Hylands <i>CEO & Director</i>	Stock options	900,000	Apr 20, 2022	\$0.70	\$0.78	\$1.62	Apr 20, 2027
	Stock options	350,000	Jun 1, 2022	\$1.24	\$1.19	\$1.62	Jun 1, 2027
	Stock options	475,000	Nov 3, 2022	\$1.69	\$1.65	\$1.62	Nov 3, 2027
Tom Olesinski ⁽¹⁾ <i>CFO</i>	Stock options	200,000	Nov 3, 2022	\$1.69	\$1.65	\$1.62	Nov 3, 2027

Greg Duras ⁽¹⁾ <i>Former CFO</i>	Stock options	300,000	Apr 20, 2022	\$0.70	\$0.78	\$1.62	Apr 20, 2027
	Stock options	100,000	Jun 1, 2022	\$1.24	\$1.19	\$1.62	Jun 1, 2027
Helio Diniz <i>President & Director</i>	Stock options	900,000	Apr 20, 2022	\$0.70	\$0.78	\$1.62	Apr 20, 2027
	Stock options	350,000	Jun 1, 2022	\$1.24	\$1.19	\$1.62	Jun 1, 2027
	Stock options	400,000	Nov 3, 2022	\$1.69	\$1.65	\$1.62	Nov 3, 2027
Patrizia Ferrarese <i>Director</i>	Stock options	400,000	Apr 20, 2022	\$0.70	\$0.78	\$1.62	Apr 20, 2027
	Stock options	200,000	Jun 1, 2022	\$1.24	\$1.19	\$1.62	Jun 1, 2027
	Stock options	100,000	Nov 3, 2022	\$1.69	\$1.65	\$1.62	Nov 3, 2027
David Gower <i>Director</i>	Stock options	900,000	Apr 20, 2022	\$0.70	\$0.78	\$1.62	Apr 20, 2027
	Stock options	350,000	Jun 1, 2022	\$1.24	\$1.19	\$1.62	Jun 1, 2027
	Stock options	125,000	Nov 3, 2022	\$1.69	\$1.65	\$1.62	Nov 3, 2027
Lawrence Guy <i>Director</i>	Stock options	900,000	Apr 20, 2022	\$0.70	\$0.78	\$1.62	Apr 20, 2027
	Stock options	350,000	Jun 1, 2022	\$1.24	\$1.19	\$1.62	Jun 1, 2027
	Stock options	125,000	Nov 3, 2022	\$1.69	\$1.65	\$1.62	Nov 3, 2027
Michael Shuh <i>Director</i>	Stock options	100,000	Nov 3, 2022	\$1.69	\$1.65	\$1.62	Nov 3, 2027

(1) Mr. Olesinski was appointed as CFO on November 3, 2022 following Mr. Duras's resignation.

Exercise of Compensation Securities by Directors and NEOs

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Helio Diniz <i>President & Director</i>	Stock options	100,000	\$0.70	Jun 17, 2022	\$1.08	\$0.38	\$108,000
Greg Duras ⁽¹⁾ <i>Former CFO</i>	Stock options	300,000	\$0.70	Sep 19, 2022	\$1.70	\$1.00	\$510,000

(1) Mr. Duras resigned as CFO on November 3, 2022.

5. Employment, Consulting and Management Agreements

The following describes the respective consulting and employment agreements entered into by the Corporation and its NEOs as of the date hereof.

Name	Monthly Fees	Severance on Termination	Severance on Change of Control^{(1) (2)}
Blake Hylands <i>CEO</i>	\$30,000 ⁽³⁾	\$360,000	\$1,033,240
Tom Olesinski <i>CFO</i>	\$16,667	\$200,004	\$430,008
Helio Diniz <i>President, Director</i>	\$30,000	\$360,000	\$1,370,000
Lawrence Guy <i>Director</i>	USD\$20,000	USD\$240,000	USD\$1,225,112
David Gower <i>Director</i>	USD\$20,000	USD\$240,000	USD\$1,225,112

Note:

- (1) Severance upon a change of control becomes payable in the event of a Change of Control of the Corporation and within one year following the date of the Change of Control the Corporation either terminates the executive officer's appointment or alters the executive officer's position and/or responsibilities in a materially adverse manner.
- (2) An amount that is equivalent to all cash bonuses paid to the consultant in the 24 months prior to the Change in Control shall also be due, in addition to the amount listed in the above table, as Severance on Change of Control.
- (3) Blake Hylands received a one time signing bonus of USD\$50,000 in respect of the consulting agreement entered into between the Corporation and Blake Hylands on May 1, 2022.

For the purpose of the agreements set forth above, "Change of Control" is defined as: (1) the acquisition, directly or indirectly, by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Business Corporations Act* (Ontario)) or group of persons acting jointly or in concert, as such terms are defined in the *Securities Act*, Ontario of: (A) shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 50% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (B) shares or rights or options to acquire shares, or their equivalent, of any material subsidiary of the Corporation or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 50% or more of the votes entitled to be cast a meeting of the shareholders of the material subsidiary; or (C) more than 50% of the material assets of the Corporation, including the acquisition of more than 50% of the material assets of any material subsidiary of the Corporation; or (2) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Corporation's board of directors do not constitute a majority of the Corporation's board of directors.

Summary of Termination Payments

The estimated incremental payments, payables and benefits that might be paid to the officers pursuant to the above noted agreements in the event of termination without cause or after a Change of Control (assuming such termination or Change of Control is effective as of the Record Date) are detailed below:

Named Executive Officer	Termination not for Cause (\$)	Termination on a Change of Control Approved (\$)
Blake Hylands		
Salary and Qualified Benefits	\$360,000	\$720,000
Bonus	\$nil	\$313,240
Total	\$360,000	\$1,033,240

Tom Olesinski		
Salary and Qualified Benefits	\$200,004	\$400,008
Bonus	\$nil	\$30,000
Total	\$200,004	\$430,008
Helio Diniz		
Salary and Qualified Benefits	\$360,000	\$720,000
Bonus	\$nil	\$650,000
Total	\$360,000	\$1,370,000
Lawrence Guy		
Salary and Qualified Benefits	USD\$240,000	USD\$480,000
Bonus	\$nil	\$575,000
Total	USD\$240,000	\$1,225,112
David Gower		
Salary and Qualified Benefits	USD\$240,000	USD\$480,000
Bonus	\$nil	\$575,000
Total	USD\$240,000	\$1,225,112

DIRECTORS AND OFFICERS INSURANCE

During the last completed financial year of the Corporation, the Corporation maintained \$10,000,000 of group liability insurance for the protection of its directors and officers. In the fiscal year ended December 31, 2022, the Corporation paid an annual premium of \$30,832 for such policy.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2022 regarding the Option Plan, which is the only compensation plan under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of Securities to be issued on exercise of outstanding options, warrants and rights (Column A)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Equity compensation plans approved by securityholders	15,785,449	\$0.92	Nil
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	15,785,449	\$0.92	Nil

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

The table below sets forth the aggregate indebtedness outstanding as at August 24, 2023, being a date within 30 days of this Circular, of all executive officers, directors, employees and former executive officers, directors and employees of the Corporation or any of its subsidiaries entered into in connection with a purchase of securities and all other indebtedness, where the indebtedness is to the Corporation or any of its subsidiaries, or to another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

Aggregate Indebtedness (\$)		
Purpose	To the Corporation or its Subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Other	Nil	Nil

Notes:

(1) On June 2, 2023, the Corporation's wholly-owned subsidiary, MGLIT Empreendimentos Ltda. entered into a loan agreement with Valitar Participacoes S.A. ("Valitar"), a special purpose vehicle, to provide Valitar with up to a R\$10 million (approximately USD\$2 million) (the "Loan") to acquire the requisite surface rights over Lithium Ionic's mining claims. The Loan has a three-year term, is unsecured and accrues interest at 1% per annum. Under Brazilian law, rural land in Brazil must be owned by a Brazilian resident and, therefore, the common shares of Valitar are beneficially owned by an officer of the Corporation who is a resident in Brazil. To date, the Corporation has provided R\$10,000,000 (CAD\$2,752,151) to Valitar under the Loan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Management Information Circular, "informed person" of the Corporation means: (i) a director or executive officer of a reporting issuer; (ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of a reporting issuer or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of a reporting issuer, other than voting securities held by the person or company as underwriter in the course of a distribution; and (iv) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

To the best of the Corporation's knowledge, no informed person of the Corporation, no proposed director of the Corporation and no associate or affiliate of any such person, at any time since January 1, 2021, has or had any material interest, direct or indirect, in any transaction since January 1, 2021 that has materially affected the Corporation, or in any proposed transaction that would materially affect the Corporation, or in any transaction.

CORPORATE GOVERNANCE PRACTICES

The Corporation and the Board recognize the importance of corporate governance in effectively managing the Corporation, protecting employees and shareholders, and enhancing shareholder value.

The Board fulfills its mandate directly at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

The Corporation believes that its corporate governance practices are in compliance with applicable Canadian requirements for TSX Venture Exchange listed issuers. The Corporation is committed to monitoring governance developments to ensure its practices remain current and appropriate.

Ethical Business Conduct

The Board is apprised of the activities of the Corporation and ensures that it conducts such activities in an ethical manner. The Board has adopted a written code of business conduct and ethics pursuant to which the Corporation promotes an overall culture of ethical business conduct by requiring compliance with applicable laws, rules and regulations; providing guidance to consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary actions for violations of ethical business conduct. In particular, the Board ensure that directors exercise independent judgement in considering transactions and certain activities of the Corporation by holding in camera sessions of independent directors, when applicable, and by having each director declare his or her interest in a particular transaction and abstaining from voting on such matters, where applicable.

ABOUT THE BOARD

Independence of the Board

The Board is currently comprised of six members; their independence is as follows:

Director	Independent	Not Independent	Reason for Non-Independence
Blake Hylands		✓	CEO and Director of the Corporation
Helio Diniz		✓	President and Director of the Corporation
David Gower		✓	Executive Director of the Corporation

Michael Shuh	✓		
Lawrence Guy		✓	Executive Chairman of the Corporation
Patrizia Ferrarese	✓		

Following the Meeting, the Board will be comprised of eight members. Each of Michael Shuh, Patrizia Ferrarese, Juliana Sprott and Ian Pritchard are independent.

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

- under the by-laws of the Corporation, any two directors may call a meeting of the Board; and
- the Board practice is to hold in-camera meetings with the independent directors at the end of each Board or committee of the Board meeting to the extent required.

Nomination of Directors

The Board is solely responsible for identifying new candidates for nomination to the Board. The process by which candidates are identified is through recommendations presented to the Board, which establishes and discusses qualifications based on corporate law and regulatory requirements as well as education and experience related to the business of the Corporation.

Compensation

The Board determines the compensation payable to the directors of the Corporation and reviews such compensation periodically throughout the year. For their role as directors of the Corporation, each director of the Corporation who is not a Named Executive Officer (as defined herein) may, from time to time, be awarded stock options under the provisions of the Stock Option Plan. There are no other arrangements under which the directors of the Corporation who are not Named Executive Officers were compensated by the Corporation or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Corporation.

Board Assessments

The Board and its individual directors are assessed on an informal basis continually as to their effectiveness and contribution. The Chairman of the Board encourages discussion amongst the Board as to evaluation of the effectiveness of the Board as a whole and of each individual director. All directors are free to make suggestions for improvement of the practice of the Board at any time and are encouraged to do so.

Majority Voting Policy

The Corporation has adopted a Majority Voting Policy to provide a meaningful way for the Corporation's shareholders to hold individual directors accountable and to require the Corporation to closely examine directors that do not have the support of a majority of Shareholders. The policy provides that forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee and that where a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be

considered not to have received the support of the Shareholders, even though duly elected as a matter of corporate law. Pursuant to the policy, such a nominee will forthwith submit his or her resignation to the Board, such resignation to be effective on acceptance by the Board. The Board will then establish an advisory committee (the “Committee”) to which it shall refer the resignation for consideration. In such circumstances, the Committee will make a recommendation to the Board as to the director’s suitability to continue to serve as a director after reviewing, among other things, the results of the voting for the nominee and the Board will consider such recommendation. This policy does not apply where an election involves a proxy battle (i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board).

Orientation and Continuing Education

The Board will be responsible for ensuring that new directors are provided with an orientation and education program, which will include written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Board notes that it has benefited from the experience and knowledge of individual members of the Board in respect of the evolving governance regime and principles. The Board ensures that all directors are apprised of changes in the Corporation’s operations and business.

AUDIT COMMITTEE

In accordance with applicable Canadian securities legislation and, in particular, National Instrument 52-110 – *Audit Committees* (“NI 52-110”), information with respect to the Corporation’s Audit Committee is contained below. The full text of the Audit Committee Charter is attached to this Management Information Circular as Schedule “B”.

Composition of the Audit Committee

Currently, and for the financial year ended December 31, 2022, the Audit Committee was comprised of Lawrence Guy (chair), Patrizia Ferrarese and Michael Shuh.

During the financial year ended December 31, 2022, the Board considered that each of Patrizia Ferrarese and Michael Shuh were independent members of the Audit Committee.

The Board has determined that each of the members of the Audit Committee are “financially literate” within the meaning of section 1.6 of NI 52-110, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of their responsibilities as a member of the Audit Committee is set out in the section hereof entitled “Particulars of Matters to be Acted Upon – Election of Directors”.

Audit Committee Oversight

At no time during the last financial year did the Corporation disregard a recommendation put forth by the Audit Committee and the Compensation Committee with respect to the nomination or compensation of an external auditor.

Pre-Approval Policies and Procedures for Audit Services

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

As described herein under the heading “Matters to be Acted Upon – Appointment of Auditor”, Deloitte LLP, Chartered Accountants is the Corporation’s external auditor as of May 10, 2023, following the resignation of McGovern Hurley LLP at the Corporation’s request on May 10, 2023. The aggregate fees billed to the Corporation by the Corporations auditors in respect of the fiscal years ended December 31, 2022, December 31, 2021, and December 31, 2020 are set out in the table below. “Audit Fees” consist of fees for professional services for the audit of the Corporation’s annual financial statements, assistance with interim financial statements, and related matters. “Audit-Related Fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and which are not reported under “Audit Fees”. “Tax Fees” consist of fees for professional services for tax compliance, tax advice and tax planning. “All Other Fees” include all fees billed by the external auditors for services not covered in the other three categories and include administration fees.

Year	Audit Fees	Audit-Related Fees	Tax Fees	Other
2022	56,863	Nil	12,615	27,510
2021	27,300	Nil	4,128	Nil
2020	10,000	Nil	Nil	10,000

Reliance on Exemption

The Corporation is relying on the exemption set out in section 6.1 of NI 52-110 with respect to the composition of the Audit Committee and certain reporting obligations.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except in so far as they may be Shareholders and unless otherwise disclosed in this Management Information Circular, no person who has been a director or executive officer of the Corporation at any time since January 1, 2022, or proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no other matters to come before the Meeting other than as set forth in the Notice of Meeting. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE ON SUCH MATTERS IN ACCORDANCE WITH THEIR BEST JUDGMENT.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR+ at www.sedarplus.ca. Copies of the Corporation's audited financial statements of the Corporation for the financial year ended December 31, 2022 and accompanying Management's Discussions and Analysis for the fiscal year ended December 31, 2022 are available on SEDAR+, or, Shareholders may request copies to be sent to them without charge by contacting the Secretary of the Corporation, 400-36 Lombard Street, Toronto, Ontario, M5C 2X3. Financial information with respect to the Corporation is provided in the Corporation's comparative financial statements and accompanying Management's Discussion and Analysis for its most recently completed financial year.

APPROVAL OF BOARD OF DIRECTORS

The contents of this Management Information Circular and the mailing of it to each director of the Corporation, to the auditors of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

DATED at Toronto, Ontario, as of the 24th day of August, 2023.

**BY ORDER OF THE BOARD OF
DIRECTORS**

(signed) Blake Hylands
Mr. Blake Hylands
Chief Executive Officer

SCHEDULE A – STOCK OPTION PLAN

LITHIUM IONIC CORP. (the “Company”)

STOCK OPTION PLAN

ARTICLE 1 PURPOSE AND INTERPRETATION

1.1 Purpose

The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies (as defined herein) (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSX Venture Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

1.2 Definitions In this Plan

- (a) “**Affiliate**” means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) “**Associate**” has the meaning set out in the *Securities Act*;
- (c) “**Black-out Period**” means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company’s insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) “**Board**” means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) “**Cause**” means “**Just Cause**” as defined in the Participant’s employment agreement or agreement for services with the Company or one of its Affiliates, or if such term is not defined or if the Participant has not entered into an employment agreement or agreement for services with the Company or one of its Affiliates, then any circumstance that would permit the Company to terminate a Participant’s employment or agreement for services without notice of termination, or payment in lieu of notice of termination, severance pay or benefits continuation under the applicable law;
- (f) “**Change of Control**” means the occurrence of any of:
 - (i) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the Company or any of its affiliates or subsidiary) thereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Business Corporations Act* (Ontario)) of, or acquires the right to exercise control or direction over, securities

of the Company representing 50% or more of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an issuance or exchange of securities, an amalgamation of the Company with any other person, an arrangement, a capital reorganization or any other business combination or reorganization

- (ii) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Company);
 - (iii) the occurrence of a transaction requiring approval of the Company's security holders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Company);
 - (iv) a majority of the Board consists of individuals which management of the Company has not nominated for election or appointment as directors; or
 - (v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred;
- (g) **“Common Shares”** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture or Toronto Stock Exchange (or, NEX, as the case may be);
- (h) **“Company”** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (i) **“Consultant”** means, in relation to the Company, an individual (other than a Director, Officer or Employee of the Company or any of its subsidiaries) or Company that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to any of its subsidiaries, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or any of its subsidiaries and the individual or the Company, as the case may be; and
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or of any of its subsidiaries;
- (j) **“Consultant Company”** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) **“Date of Termination”** means, for a Service Provider, the last day that the Service Provider actively provides services to the Company without regard to any notice of termination or pay in lieu of notice thereof, deemed or notional notice period, or period during which the Service Provider receives pay in lieu of notice, termination pay, severance payments, or salary continuance, whether pursuant to statute, agreement, common law or otherwise;

- (l) **“Director”** means a director (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (m) **“Discounted Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (n) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (o) **“Distribution”** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (p) **“Effective Date”** for an Option means the date of grant thereof by the Board;
- (q) **“Employee”** means:
 - (i) an individual who is considered an employee of the Company or of its subsidiary under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
 - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source;
- (r) **“Exchange Hold Period”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (s) **“Exercise Price”** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (t) **“Expiry Date”** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (u) **“Insider”** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (v) **“Investor Relations Activities”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (w) **“Management Company Employee”** means an individual employed by a company providing management services to the Company which services are required for the ongoing successful operation of the business enterprise of the Company;

- (x) **“Market Price”** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (y) **“NEX”** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (z) **“NEX Policies”** means the rules and policies of NEX as amended from time to time;
- (aa) **“Officer”** means an officer (as defined under applicable securities laws) of the Company or any of its subsidiaries;
- (bb) **“Option”** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (cc) **“Option Commitment”** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;
- (dd) **“Optioned Shares”** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (ee) **“Optionee”** means the recipient of an Option hereunder;
- (ff) **“Outstanding Shares”** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (gg) **“Participant”** means a Service Provider that becomes an Optionee;
- (hh) **“Person”** includes a company, any unincorporated entity, or an individual;
- (ii) **“Plan”** means this stock option plan, the terms of which are set out herein or as may be amended;
- (jj) **“Plan Shares”** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (kk) **“Regulatory Approval”** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (ll) **“Securities Act”** means the *Securities Act*, R.S.O. 1990, c. S.5, or any successor legislation;
- (mm) **“Service Provider”** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (nn) **“Share Compensation Arrangement”** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

- (oo) **“Shareholder Approval”** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders’ meeting;
- (pp) **“Take Over Bid”** means a take over bid as defined in National Instrument 62104 (Take-over Bids and Issuer Bids) or the analogous provisions of securities legislation applicable to the Company;
- (qq) **“TSX Venture”** means the TSX Venture Exchange and any successor thereto;
- (rr) **“TSX Venture Policies”** means the rules and policies of the TSX Venture as amended from time to time; and
- (ss) **“VWAP”** means the volume weighted average trading price of the Company’s Common Shares on the TSX Venture calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Option.

1.3 Other Words and Phrases

Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, NEX Policies).

1.4 Gender

Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

ARTICLE 2 STOCK OPTION PLAN

2.1 Establishment of Stock Option Plan

The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

2.2 Maximum Plan Shares

The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies (and, if applicable, NEX Policies).

2.3 Eligibility

Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

2.4 Options Granted Under the Plan

All Options granted under the Plan will be evidenced by an Option Commitment in substantially in the form attached as Schedule A (or in such other form as determined by the Company), showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

2.5 Limitations on Issue

Subject to Section 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or NEX, as the case may be); and
- (c) the aggregate number of Options, together with any other Share Compensation Arrangements, granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or the NEX, as the case may be).

2.6 Exercised and Unexercised Options

In the event an Option granted under the Plan is exercised, expires unexercised or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

2.7 Administration of the Plan

The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of

the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

2.8 Amendment of the Plan by the Board of Directors

Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) amendments which are of a typographical, grammatical, clerical nature only;
- (b) amendments of a housekeeping nature;
- (c) changes to the vesting provisions of an Option granted hereunder, subject to prior written approval of the TSX Venture, if applicable;
- (d) changes to the termination provision of an Option granted hereunder which does not entail an extension beyond the lesser of the original Expiry Date of such Option or 12 months from termination;
- (e) amendments necessary as a result in changes in securities laws applicable to the Company or any requested changes by the TSX Venture;
- (f) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, amendments as may be required by the policies of such senior stock exchange or stock market; and
- (g) such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

2.9 Amendments Requiring Disinterested Shareholder Approval

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the number of Optioned Shares issued to Insiders within any 12-month period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the issuance to any one Optionee, within any 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider, or the extension of the term of an Option, if the Participant is an Insider at the time of the proposed amendment.

2.10 Options Granted Under the Company's Previous Stock Option Plans

Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 Exercise Price

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

3.2 Term of Option

The term of an Option will be set by the Board at the time such Option is allocated under the Plan. An Option can be exercisable for a maximum of 10 years from the Effective Date.

3.3 Option Amendment

Subject to Section 2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2.

Except as provided under TSX Venture Policies, any proposed amendment to the terms of an Option must comply with the TSX Venture Policies and be approved by the TSX Venture prior to the exercise of such Option.

3.4 Vesting of Options

Subject to Section 3.5, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

3.5 Vesting of Options Granted to Consultants Conducting Investor Relations Activities

Notwithstanding Section 3.4, Options granted to Consultants conducting Investor Relations Activities will vest such that:

- (a) no more than 25% of the Options vest no sooner than three months after the Options were granted;

- (b) no more than another 25% of Options vest no sooner than six months after the Options were granted;
- (c) no more than 25% of Options vest no sooner than nine months after the Options were granted; and
- (d) the remainder of the Options vest no sooner than 12 months after the Options were granted.

3.6 Effect of Take-Over Bid

If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding Section 3.4 and Section 3.5 or any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture (or the NEX, as the case may be) for vesting requirements imposed by the TSX Venture Policies.

3.7 Acceleration of Vesting on Change of Control

In the event of a Change of Control occurring, Options granted and outstanding, which are subject to vesting provisions, shall be deemed to have immediately vested upon the occurrence of the Change of Control, excluding Options granted to a Person engaged in Investor Relations Activities.

3.8 Extension of Options Expiring During Blackout Period

Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to approval of the TSX Venture (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding Section 2.7, the tenth Business Day period referred to in this Section 3.8 may not be extended by the Board.

3.9 Optionee Ceasing to be Director, Employee or Service Provider

Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the Termination Date, and only to the extent that such Option was vested at the Termination Date; and
- (c) in the case of an Optionee being dismissed from employment or service for Cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate on the Termination Date without right to exercise same.

3.10 Non Assignable

Subject to Section 3.9(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

3.11 Adjustment of the Number of Optioned Shares

The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.11;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions

of this Section 3.11, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company;

- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.11, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Toronto, Ontario (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees; and
- (h) any adjustment, other than in connection with a security consolidation or security split, to Options granted or issued under the Plan is subject to the prior acceptance of the TSX Venture, including adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, dividend or recapitalization.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

4.1 Option Commitment

Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof, including any additional requirements contemplated with respect to the payment of required withholding taxes on behalf of Optionees.

4.2 Manner of Exercise

An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired, plus any required withholding tax amount subject to Section 4.4.

4.3 Cashless Exercise

Subject to the provisions of the Plan (including, without limitation, Section 4.4), once an Option has vested and become exercisable, an Optionee may elect to exercise such Option by either:

- (a) excluding Options held by any Investor Relations Service Provider, a "net exercise" procedure in which the Company issues to the Optionee, Common Shares equal to the number determined by dividing (i) the product of the number of Options being exercised multiplied by the difference between the VWAP of the underlying Common Shares and the exercise price of the subject Options by (ii) the VWAP of the underlying Common Shares; or
- (b) a broker assisted "cashless exercise" in which the Company delivers a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding

obligations as determined by the Company against delivery of the Common Shares to settle the applicable trade.

An Option may be exercised pursuant to this Section 3.4 from time to time by delivery to the Company, at its head office or such other place as may be specified by the Company of (i) written notice of exercise specifying that the Optionee has elected to effect such a cashless exercise of such Option, the method of cashless exercise, and the number of Options to be exercised and (ii) the payment of an amount for any tax withholding or remittance obligations of the Optionee or the Company arising under applicable law and verified by the Company to its satisfaction (or by entering into some other arrangement acceptable to the Company in its discretion, if any). The Participant shall comply with Section 4.4 of this Plan with regard to any applicable required withholding obligations and with such other procedures and policies as the Company may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board in connection with such exercise.

4.4 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in Section 4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

4.5 Delivery of Optioned Shares and Hold Periods

As soon as practicable after receipt of the notice of exercise described in Section 4.2 or Section 4.3 as applicable, and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. An Exchange Hold Period will be applied from the date of grant for all Options granted to:

- (a) Insiders of the Company; or
- (b) where Options are granted to any Service Provider, including Insiders, where the Exercise Price is at a discount to the Market Price.

Pursuant to TSX Venture Policies, where the Exchange Hold Period is applicable, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month Exchange Hold Period commencing the date of the Option Commitment.

ARTICLE 5 GENERAL

5.1 Employment and Services

Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

5.2 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

5.3 Interpretation

The Plan will be governed and construed in accordance with the laws of the Province of Ontario.

5.4 Continuation of Plan

The Plan will become effective from and after the date first set out above, and will remain effective provided that the Plan, or any amended version thereof, receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to such effective date.

5.5 Amendment of the Plan

The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

**SCHEDULE A
STOCK OPTION PLAN
OPTION COMMITMENT**

Notice is hereby given that, effective this ● day of ●, ● pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of Lithium Ionic Corp.. (the “**Company**”), the Company has granted to ● (the “**Optionee**”), an Option to acquire ● Common Shares (“**Optioned Shares**”) up to 5:00 p.m. (Toronto Time) on the ● day of ●, ● (the “**Expiry Date**”), or such earlier date as determined in accordance with the terms of the Plan, at an Exercise Price of Cdn\$● per share.

[Optioned Shares are to vest immediately.]

OR

[Optioned Shares will vest (*INSERT VESTING SCHEDULE AND TERMS*)]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and form part hereof. This Option Commitment and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Commitment is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise the Option, (1) deliver a written notice in the form attached as Schedule B to the Plan (or in such other form as established by the Company) specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate exercise price, or (2) if the Optionee wishes to exercise the Option on a “net exercise” basis or “cashless exercise” basis in accordance Section 4.3(a) or Section 4.3(b) of the Plan and the Company’s Board of Directors approves the exercise on a “net exercise” basis or “cashless exercise” basis, deliver a written notice and comply with such other conditions as established by the Company for a “net exercise” or “cashless exercise”. A certificate, or written notice in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the Company or its transfer agent, if applicable, as soon as practicable thereafter and may bear a restrictive legend if required under applicable securities laws or the policies of the TSX Venture Exchange.

[Note: If a four month hold period is applicable under the policies of the TSX Venture Exchange, the following legend must be placed on the certificate or the written notice in the case of uncertificated shares.

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL **[insert date 4 months from the date of grant]**”.]

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture Exchange (or

the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture Exchange (or the NEX, as the case may be) on the date of this Option Commitment.

Lithium Ionic Corp.

Authorized Signatory

[Insert name of Optionee]

The Optionee acknowledges receipt of a copy of the Plan and represents to the Company that the Optionee is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Optionee agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by applicable regulatory authorities.

Signature of Optionee:

Date Signed:

Signature

Print Name

Address

**SCHEDULE B
TO STOCK OPTION PLAN**

Lithium Ionic Corp.
36 Lombard Road, Suite 4
Toronto, Ontario
M5C 2X3

Re: Employee Stock Option Exercise

Attn: Stock Option Plan Administrator, Lithium Ionic Corp. (the “Company”)

This letter is to inform Lithium Ionic Corp. that I, ●, wish to exercise ● options, at ● per share, on this ● day of, ● 202●.

Payment issued in favour of Lithium Ionic Corp. for the amount of \$● will be forwarded, including withholding tax amounts.

Please register the share certificate in the name of:

Name of Optionee: ●

Address: ●

Please send share certificate to:

Name: ●

Address: ●

Sincerely,

Signature of Optionee

Date

SIN Number (for T4)

SCHEDULE B – AUDIT COMMITTEE CHARTER

LITHIUM IONIC CORP.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE OF THIS CHARTER

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Lithium Ionic Corp. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- c) ensure that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics;
- d) review the quarterly and annual financial statements and management’s discussion and analysis of the Corporation’s financial position and operating results and in the case of the annual financial statements and related management’s discussion and analysis, report thereon to the Board for approval of same;
- e) select and monitor the independence and performance of the Corporation’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- f) provide oversight of all disclosure relating to, and information derived from, financial statements, management’s discussion and analysis and information.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) set and pay the compensation for advisors employed by the Committee; and
- c) communicate directly with the internal and external auditors.

3. COMPOSITION AND MEETINGS

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (“OSC”), the TSX Venture Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.

- a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule “A” attached hereto.
- b) A majority of the Committee shall be “independent” and each member of the Committee shall be “financially literate”. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which, in the view of the Board of Directors of the Corporation, could be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule “B” hereto. A “financially literate” director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation’s financial statements.
- c) Each member of the Committee shall sit at the appointment of the Board of Directors. The Committee shall report to the Board of Directors.
- d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.
- e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

- g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- i) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- j) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
- k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation, other than those relating to non-audit services and annual audit fees which do not require the approval of the Board.
- l) The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.
- m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

4. RESPONSIBILITIES

- a) **Financial Accounting and Reporting Process and Internal Controls**
 - i) The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of

management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

- ii) The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
- iii) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.
- iv) The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
- v) The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
- vi) The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- (vii) The Committee shall provide oversight of the Corporation's policies, procedures and practices with respect to the maintenance of the books, records and accounts, and the filing of reports, by the Corporation with respect to third party payments in compliance with the *Corruption of Foreign Public Officials Act* (Canada), the *Extractive Sector Transparency Measures Act* (Canada) and similar applicable laws.
- viii) The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- ix) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel and all employees.
- x) The Committee shall establish and monitor procedures for:
 - the receipt, retention and treatment of complaints received by the Corporation regarding: (a) accounting, internal accounting controls or auditing matters; or (b) violations of the Corporation's policies including the Code of Business

- Conduct and Ethics; Anti-Bribery and Anti-Corruption Policy; and Corporate Disclosure, Confidentiality and Insider Trading Policy; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters or violations of any of the Corporation's policies (as described above).
- xi) The Committee shall provide oversight to related party transactions entered into by the Corporation.
 - xii) The Committee shall establish the budget process, which shall include the setting of spending limits and authorizations, as well as periodic reports from the Chief Financial Officer comparing actual spending to the budget.
 - xiii) The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

b) Independent Auditors

- i) The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors' report directly to the Committee.
- ii) The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- iii) The pre-approval of the Committee shall be required as further set out in Schedule "C" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
- iv) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
- v) The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
- vi) The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- vii) The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
- viii) The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.

- ix) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
- x) The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.
- xi) The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

c) Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

SCHEDULE “A”

LITHIUM IONIC CORP. POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT COMMITTEE

1. PURPOSE

The Chairman of the Audit Committee of the Board shall be an independent director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

2. WHO MAY BE CHAIRMAN

The Chairman will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chairman:

- a) chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- b) ensuring adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- c) providing leadership to the Committee to enhance the Committee’s effectiveness, including:
 - i) providing the information to the Board relative to the Committee’s issues and initiatives and reviewing and submitting to the Board an appraisal of the Corporation’s independent auditors and internal auditing functions;
 - ii) ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial and control matters;
 - iii) ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - iv) ensuring that the Committee serves as an independent and objective party to monitor the Corporation’s financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;
 - v) ensuring that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions;
 - vi) ensuring that procedures are in place to review the Corporation’s public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Corporation;
 - vii) ensuring that clear hiring policies are put in place for partners and employees of the auditors;

- d) ensuring that procedures are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns, ensuring the establishment of a budget process, which shall include the setting of spending limits and authorizations and periodical reports from the Chief Financial Officer of actual spending as compared to the budget regarding questionable accounting or auditing matters; and
- e) managing the Committee, including:
 - i) adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - ii) preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - iii) ensuring meetings are appropriate in terms of frequency, length and content;
 - iv) obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - v) overseeing the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
 - vi) ensuring that the auditor's report directly to the Committee, as representatives of the Corporation's shareholders; and
 - vii) annually reviewing with the Committee its own performance.

SCHEDULE “B”
LITHIUM IONIC CORP.
NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES (“NI 52-110”)

Section 1.4 — Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

- (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 — Additional Independence Requirements for Audit Committee Members

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and

which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE “C”
LITHIUM IONIC CORP.
Procedures for Approval of Non-Audit Services

1. The Corporation’s external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation’s accounting records or financial statements;
 - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (c) actuarial services;
 - (d) internal audit outsourcing services;
 - (e) management functions;
 - (f) human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services; and
 - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation’s accounting standards, from time to time determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

EXHIBIT A – CHANGE OF AUDITOR REPORTING PACKAGE

NOTICE OF CHANGE OF AUDITOR

May 16, 2023

TO: McGovern Hurley LLP

AND TO: Deloitte LLP

AND TO: Alberta Securities Commission
British Columbia Securities Commission
Ontario Securities Commission

Lithium Ionic Corp. (the "**Company**"), pursuant to National Instrument 51-102 ("**NI 51-102**"), hereby notifies you of the following:

1. The Board of Directors of the Company has asked its auditor, McGovern Hurley LLP (the "**Former Auditor**"), to resign from office (during its term of appointment) effective May 10, 2023 (the "**Termination Date**") and that Deloitte LLP (the "**Successor Auditor**") has agreed to act as the Company's auditor.
2. There were no modified opinions expressed in the auditor's reports on the Company's consolidated financial statements for the period commencing at the beginning of the Company's two most recently completed financial years and ending on the Termination Date.
3. The termination of McGovern Hurley LLP and the appointment of Deloitte LLP as auditor of the Company were approved by the Audit Committee of the Board of Directors of the Company.
4. As at the date hereof, there have been no reportable events (as such term is defined in NI 51-102) in connection with the audits for the period commencing at the beginning of the Company's two most recently completed financial years and ending on the Termination Date.

LITHIUM IONIC CORP.

Per: _____


Blake Hylands
Chief Executive Officer

McGovern Hurley

Audit. Tax. Advisory.

May 15, 2023

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

We have reviewed the information contained in the Notice of Change of Auditor of Lithium Ionic Corp. dated May 10, 2023 (the "Notice"), which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102. Based on our knowledge as of the date hereof, we agree with the statements contained in the Notice. We have no basis to agree or disagree with the comments in the notice relating to the successor auditor.

Yours truly,

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

May 16, 2023

Private and confidential

To: Alberta Securities Commission
British Columbia Securities Commission
Ontario Securities Commission

Dear Sirs/Mesdames:

Change of Auditors Notice of Lithium Ionic Corp. (“Lithium Ionic”)

As required by subparagraph (6)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Lithium Ionic dated May 16, 2023 (the “Notice”) and, based on our knowledge of such information at this time, we agree the statements in items (1) and (3) as it relates to Deloitte LLP and we have no basis to agree or disagree with statements in items (2) and (4) contained in the Notice.

Yours truly,



Chartered Professional Accountants
Licensed Public Accountants



Lithium Ionic Corp.

Consolidated Financial Statements

For the year ended December 31, 2022 and
the period from the date of incorporation (July 5, 2021) to December 31, 2021

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Lithium Ionic Corp.

Opinion

We have audited the consolidated financial statements of Lithium Ionic Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there were no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
April 28, 2023

Lithium Ionic Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at:		December 31, 2022	December 31, 2021
	Note	\$	\$
ASSETS			
Current			
Cash and cash equivalents	7	21,492,788	7,788,687
Short-term investments	7	10,000,000	-
Amounts receivable		572,150	43,424
Prepaid expenses		426,863	1,000
Total current assets		32,491,801	7,833,111
Long-term			
Equipment	8	345,742	-
Total assets		32,837,543	7,833,111
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	15,16	2,008,712	945,956
Short-term lease liability	9	110,792	-
Total current liabilities		2,119,504	945,956
Long-term lease liability	9	136,778	-
Total liabilities		2,256,282	945,956
SHAREHOLDERS' EQUITY			
Common shares	12	49,711,875	7,487,282
Warrant reserve	13	1,000,896	179,241
Option reserve	13	6,773,242	-
Accumulated deficit		(26,904,752)	(779,368)
Total shareholders' equity		30,581,261	6,887,155
Total liabilities and shareholders' equity		32,837,543	7,833,111
Nature of operations and going concern	1		
Commitments and contingencies	10, 18		
Subsequent events	20		

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.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Year ended December 31, 2022	Period from the date of incorporation (July 5, 2021) to December 31, 2021
Expenses			
Exploration and evaluation expenses	11	\$ 9,870,898	\$ 27,337
Consulting and management fees	16	3,997,834	674,826
Shareholder communications		404,623	-
Professional fees		418,206	-
Office and general		152,244	77,205
Depreciation	8	33,153	-
Transaction costs	6	4,640,918	-
Share-based compensation	13	6,945,065	-
(Loss) for the period before other items		\$ (26,462,941)	\$ (779,368)
Other items			
Interest income	7	459,530	-
Accretion expense	9	(5,352)	-
Foreign exchange gain		(116,621)	-
Net (loss) and comprehensive (loss) for the period		\$ (26,125,384)	\$ (779,368)
Basic and diluted (loss) per share		\$ (0.28)	\$ (0.02)
Weighted average number of common shares outstanding			
Basic and Diluted		93,751,383	36,753,625

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

Lithium Ionic Corp.

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, July 5, 2021	- \$	-	-	-	-	-	-	-
Incorporation	31,100,001	3	-	-	-	-	-	3
Private placement - Tranche I	24,950,000	4,990,000	-	-	-	-	-	4,990,000
Private placement - Tranche II	15,360,000	3,072,000	-	-	-	-	-	3,072,000
Private placement - Shares issued for services	300,000	60,000	-	-	-	-	-	60,000
Share issue costs	-	(455,480)	-	-	-	-	-	(455,480)
Private placement - Finder's warrants	-	(179,241)	2,372,750	179,241	-	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	-	(779,368)	(779,368)
Balance, December 31, 2021	71,710,001	\$ 7,487,282	2,372,750	\$ 179,241	-	\$ -	(779,368)	\$ 6,887,155
Reverse takeover transaction	7,499,992	5,250,000	55,192	29,909	-	-	-	5,279,909
Conversion of subscription receipts	20,000,000	14,000,000	-	-	-	-	-	14,000,000
Broker subscription receipts	1,257,370	880,159	-	-	-	-	-	880,159
Share issue costs - subscription receipts	-	(880,159)	-	-	-	-	-	(880,159)
Share issue costs - broker warrants	-	(364,000)	1,399,999	364,000	-	-	-	-
Share issue costs	-	(322,070)	-	-	-	-	-	(322,070)
Private placement	15,625,000	25,000,000	-	-	-	-	-	25,000,000
Share issue costs	-	(1,656,997)	-	-	-	-	-	(1,656,997)
Share issue costs - broker warrants	-	(549,375)	937,500	549,375	-	-	-	-
Share-based compensation	-	-	-	-	12,007,000	6,945,065	-	6,945,065
Options exercise	430,000	478,223	-	-	(430,000)	(171,823)	-	306,400
Warrants exercise	556,992	388,812	(556,992)	(121,629)	-	-	-	267,183
Loss and comprehensive loss for the year	-	-	-	-	-	-	(26,125,384)	(26,125,384)
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

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

Lithium Ionic Corp.

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

		Year ended December 31, 2022	Period from the date of incorporation (July 5, 2021) to December 31, 2021
	Note	\$	\$
Cash (used in)/provided by:			
Operating activities			
(Loss) for the period		(26,125,384)	(779,368)
Items not involving cash:			
Depreciation	8	33,153	-
Accretion expense	9	5,352	-
Acquisition transaction costs	6	4,640,918	-
Share-based compensation	13	6,945,065	-
Shares issued for services		-	60,000
Foreign exchange		(1,028)	-
Changes in non cash working capital		46,048	901,532
Net cash (used in) operating activities		(14,455,876)	182,164
Investing activities			
Purchase of equipment	8	(99,980)	-
Purchase of GICs	7	(10,000,000)	-
Cash acquired from acquisition	6	701,110	-
Net cash provided by investing activities		(9,398,870)	-
Financing activities			
Proceeds from equity financings	12	39,000,000	8,062,003
Cost of issue	12	(1,979,067)	(455,480)
Options exercised	13	306,400	-
Warrants exercised	13	267,183	-
Principal payments on lease liability	9	(35,669)	-
Net cash provided by financing activities		37,558,847	7,606,523
Change in cash and cash equivalents		13,704,101	7,788,687
Cash and cash equivalents, beginning of the period		7,788,687	-
Cash and cash equivalents, end of the period		21,492,788	7,788,687
Cash and cash equivalent consists of:			
Cash		992,788	7,788,687
Cash equivalents		20,500,000	-
		21,492,788	7,788,687
SUPPLEMENTAL INFORMATION			
Equipment acquired through leases	8,9	278,915	-
Broker subscription receipts	12	880,159	-
Issuance of broker warrants	12,13	913,375	179,241

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

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

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 (Note 5).

On May 19, 2022, the Company closed its previously announced reverse takeover transaction (the “Transaction”) with Lithium Ionic Inc. (the “Target”). The Transaction was completed by way of a “three-cornered” amalgamation pursuant to the provisions of the *Business Corporations Act (Ontario)*. Prior to the completion of the Transaction, the Company changed its name from “POCML 6 Inc.” to “Lithium Ionic Corp.” (the “Name Change”). Pursuant to the Transaction, all common shares of the Target were exchanged for Company Shares on a one-for-one basis and Lithium Ionic Inc. and 1000088600 Ontario Inc., a wholly owned subsidiary of the Company newly incorporated under the *Business Corporations Act (Ontario)* for the sole purpose of effecting the Transaction, amalgamated with the resulting entity continuing as a wholly owned subsidiary of the Company under the name “Lithium Ionic Holdings Corp.”. See Note 6. These financial statements present the continuation of the Target and the acquisition of POCML 6 by Lithium Ionic Inc. as a reverse acquisition for accounting purposes.

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 December 31, 2022, the Company had current assets of \$32,491,801 and current liabilities of \$2,119,504 (December 31, 2021 - \$7,833,111 and \$945,956 respectively) and an accumulated deficit of \$26,904,752 (December 31, 2021 - \$779,368). 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

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 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and include interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies set out were consistently applied to the period presented unless otherwise noted below.

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 year ended December 31, 2022 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments, such as guaranteed investment certificates ("GICs") and deposit accounts with chartered banks, trust accounts held with lawyers, cashable within three months of the date of original issue.

Short-term investments

GICs with maturities over 90 days that are not redeemable are presented separately from cash and cash equivalents as short-term investments.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities

Financial Assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either fair value through profit or loss (“FVPL”) or fair value through other comprehensive income (“FVOCI”), and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement - financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss. The Company’s cash and cash equivalents, short-term investments and amounts receivable are recorded at amortized cost.

Subsequent measurement - financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of earnings (loss). The Company does not measure any financial assets at FVPL.

Subsequent measurement - financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of earnings (loss) when the right to receive payments is established.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases, and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities and long-term loans payable, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term loans payable, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral property rights, property option payments 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.

Equipment

Equipment is measured at cost less accumulated depreciation and accumulated impairment charges. The cost of equipment comprises its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated decommissioning and restoration costs associated with the asset.

On initial acquisition, equipment is measured at cost. In subsequent periods, equipment is stated at cost less accumulated depreciation and any impairment charges. Depreciation is provided so as to write off the costs, less estimated residual values of equipment using the straight-line method over their remaining useful lives, or the remaining life of the mine if shorter:

Office furniture	10 years
Computer and office equipment	2 – 10 years
Field and lab equipment	2 – 10 years
Vehicles	10 years
Right-of-use assets	term of lease

Leases and right-of-use assets

IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets;
- and leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted if it is reasonably certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement.

Common shares

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, warrants and share options are recognized as a deduction from equity, net of any tax effects.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each 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.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

Income taxes

Any income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income/loss, in which case the income tax is recognized in equity or other comprehensive income/loss.

Lithium Ionic Corp.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, on a non-discounted basis using tax rates at the end of the reporting period applicable to the period of expected realization. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding warrants were anti-dilutive for the year ended December 31, 2022 and 2021.

Provisions

(a) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the consolidated statement of loss.

(a) Rehabilitation provisions

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The obligation generally arises when the asset is installed, or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in loss.

The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2022 and 2021.

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, 2022. 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.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was revised in January 2020 and July 2020 to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve months and make explicit that only rights in place “at the end of the reporting period” should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

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.

IAS 8 – Definition of Accounting Estimates (“IAS 8”) was amended in February 2021 to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to management uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves management uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. IAS 8 is effective for annual periods beginning on or after January 1, 2023.

Lithium Ionic Corp.

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4. 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

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4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Contingencies

Refer to Note 18.

5. ACQUISITION OF MGLIT

On October 21, 2021, Lithium Ionic Inc. acquired 99.9% of the issued and outstanding shares of MGLIT Empreendimentos Ltda. ("MGLIT"), a company incorporated on October 29, 2018 under Brazilian corporate law, in exchange for BRL999.00 (\$227.00). MGLIT was acquired from a corporation controlled by an officer and director of the Company. The remaining 0.1% of the issued and outstanding shares was acquired on February 14, 2022 from an officer and director of Lithium Ionic. 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.

MGLIT is the holder of certain exploration permits located in Minas Gerais, Brazil. All the exploration permits are valid until September 27, 2024, except for one exploration permit which is valid until September 28, 2023.

6. REVERSE ACQUISITION

On May 19, 2022, the Company completed the acquisition of all of the issued and outstanding shares of Lithium Ionic Inc. by way of a three-cornered amalgamation with a wholly owned subsidiary of the Company. For accounting purposes, Lithium Ionic Inc. was treated as the accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these condensed interim consolidated financial statements. As Lithium Ionic Inc. was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying value. The Company's results of Operations have been included from the transaction date, May 19, 2022. As POCML 6 Inc. did not qualify as a business according to the definition in IFRS 3 Business Combinations, this reverse acquisition does not constitute a business combination. It has been accounted for in accordance with IFRS 2 Share-based Payments, such that Lithium Ionic Inc. is deemed to have issued shares in exchange for the net assets and listing status of POCML 6 Inc.

Pursuant to the Transaction, the Company issued 7,499,992 common shares to the shareholders of POCML 6 Inc. The issued and outstanding common shares of Lithium Ionic Inc. were exchanged for shares of the Company on a 1:1 basis. As part of the acquisition, the Company acquired working capital of \$638,991. Transaction costs, being the excess of the value of the shares issued over net assets, were \$4,640,918.

Details of the allocation of the estimated fair values of identifiable assets acquired and liabilities assumed, and price consideration are as follows:

Consideration paid:	
Issuance of Common Shares (7,499,992 @ \$0.70)	\$ 5,250,000
Issuance of Warrants (55,192 @ \$0.5419)	29,909
	<u>\$ 5,279,909</u>
Purchase price allocation:	
Cash	\$ 701,110
Accounts receivable	9,925
Accounts payable	(72,044)
Transaction costs	4,640,918
	<u>\$ 5,279,909</u>

The value of the shares was based on the price of the subscription receipts (see Note 12). The value of the warrants was estimated using the Black-Scholes model (Note 13).

Lithium Ionic Corp.

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7. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	December 31, 2022	December 31, 2021
	\$	\$
Cash	992,788	7,788,687
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	-
Cash and cash equivalents	21,492,788	7,788,687
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.50%, maturing April 5, 2023	10,000,000	-
Short-term investments	10,000,000	-

8. EQUIPMENT

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

	Office furniture	Computers & office equipment	Field and lab equipment	Leased vehicles	Software	Right-of-Use assets	Total
	\$	\$	\$	\$	\$		\$
Cost							
As at July 5, 2021 and December 31, 2021	-	-	-	-	-	-	-
Additions	11,274	30,201	6,865	117,270	22,498	190,787	378,895
As at December 31, 2022	11,274	30,201	6,865	117,270	22,498	190,787	378,895
Accumulated Depreciation							
As at July 5, 2021 and December 31, 2021	-	-	-	-	-	-	-
Depreciation	(374)	(1,320)	(339)	(7,818)	(1,875)	(21,427)	(33,153)
As at December 31, 2022	(374)	(1,320)	(339)	(7,818)	(1,875)	(21,427)	(33,153)
Net book value as at December 31, 2021	-	-	-	-	-	-	-
Net book value as at December 31, 2022	10,900	28,881	6,526	109,452	20,623	169,360	345,742

Lithium Ionic Corp.

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9. LEASE LIABILITY

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

As at July 5, 2021 and December 31, 2021	\$	-
Leases assumed during the period		278,915
Lease accretion		5,352
Lease payments		(35,669)
Foreign exchange		(1,028)
As at December 31, 2022	\$	247,570
Current portion of lease liability	\$	110,792
Long-term portion of lease liability	\$	136,778

MGLIT signed a lease agreement for a project base office located in Aracuai, Minas Gerais state (“MG”) in Brazil. The agreement is for an indefinite term and management has assessed the termination date as December 31, 2024. Monthly rent payments are R\$2,200 (\$564). Future lease payments amount to R\$52,800 (\$13,527). An estimated incremental borrowing rate of 7.5% per annum was used.

MGLIT signed a lease agreement for a support warehouse located in Aracuai, MG. The agreement is for an indefinite term and management has assessed the termination date as December 31, 2024. Monthly rent payments are R\$5,000 (\$1,281). Future lease payments amount to R\$120,000 (\$30,744). An estimated incremental borrowing rate of 7.5% per annum was used.

MGLIT signed lease agreements for dormitories also located in Aracuai, MG. These agreements are for an indefinite term and management has assessed the termination date as December 31, 2024. Monthly rent payments for these total R\$22,460 (\$5,754). Future lease payments amount to R\$539,040 (\$138,102). An estimated incremental borrowing rate of 7.5% per annum was used.

MGLIT acquired two vehicles through financing agreements. Monthly payments are R\$12,561 (\$3,218) over a term of 36 months. Future lease payments amount to R\$401,953 (\$102,980). An incremental borrowing rate of 17% per annum was used.

10. ACQUISITION OF MINING LICENSES

In September 2022, the Company closed on a binding asset purchase agreement (the “Agreement”) with Galvani Nordeste Mineracao Ltd. (“Galvani”) and MGLIT, pursuant to which the Company acquired a 100% ownership interest in two lithium mining licenses (the “Licenses”) in Minas Gerais, Brazil (the “Transaction”).

Pursuant to the Agreement and in order to complete the Transaction, Lithium Ionic paid to Galvani:

- USD\$100,000 (\$129,400) on execution of the Agreement (paid June 2022, Note 11); and
- USD\$3,210,000 (\$4,210,397) on closing of the Transaction (paid September 2022, Note 11).

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 December 31, 2022, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

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10. ACQUISITION OF MINING LICENSES (continued)

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,527 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. Upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li₂O content over 1.3% within 18 months of closing, the Company shall pay an additional R\$15,000,000 (approximately \$3,850,000).

11. EXPLORATION AND EVALUATION EXPENSES

Lithium Ionic owns a 100% ownership interest in the Itinga lithium project in Brazil, comprising certain exploration permits, as well as the Galvani Licenses (Note 10), both located in Minas Gerais state (MG), Brazil.

Exploration and evaluation expenses are detailed in the following table.

	For the year ended December 31, 2022	For the period July 5, 2021 (date of incorporation) to December 31, 2021
Mining licenses (Note 10)	\$ 4,468,929	\$ -
Drilling and geophysics	3,176,766	-
Labour	100,774	-
Land management fees, taxes and permits	134,862	11,092
Professional fees	63,090	-
Project overhead costs	231,639	-
Technical reports	1,510,228	16,245
Travel, meals and accomodation	184,610	-
Total exploration and evaluation expenses	\$ 9,870,898	\$ 27,337

Lithium Ionic Corp.

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12. COMMON SHARES

Authorized

On December 31, 2022, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding	Amount
Balance, July 5, 2021	-	\$ -
Incorporation (i)	31,100,001	3
Private placement (ii)	40,310,000	8,062,000
Issuance costs (ii)	-	(455,480)
Private placement - Shares issued for services (iii)	300,000	60,000
Private placement - Finder's warrants valuation (ii)	-	(179,241)
Balance, December 31, 2021	71,710,001	7,487,282
Reverse takeover transaction (Note 1 and (iv)):	7,499,992	5,250,000
Conversion of subscription receipts (iv)	20,000,000	14,000,000
Subscription receipts (iv)	1,257,370	-
Broker warrants valuation (iv)	-	(364,000)
Issuance costs (iv)	-	(322,070)
Private placement (v)	15,625,000	25,000,000
Broker warrants valuation (v)	-	(549,375)
Issuance costs (v)	-	(1,656,997)
Exercise of options (vi)	430,000	306,400
Valuation allocation of exercise of options	-	171,823
Exercise of warrants (vii)	556,992	267,183
Valuation allocation of exercise of warrants	-	121,629
Balance, December 31, 2022	117,079,355	\$ 49,711,875

- (i) On July 5, 2021, the Company issued 31,100,001 common shares at \$0.0000001 per share for gross proceeds of \$3 upon its incorporation. A total of 23,500,001 common shares were issued to directors and or officers of the Company for gross proceeds of \$2.
- (ii) On December 1, 2021, the Company completed the first tranche of a private placement financing by issuing 24,950,000 common shares at a price of \$0.20 per share for gross proceeds of \$4,990,000.

In December 2021, the Company completed the second and final tranche of a private placement financing by issuing 15,360,000 common shares at a price of \$0.20 per share for gross proceeds of \$3,072,000.

In connection with the offering, the Company paid \$1,505 in filing fees, \$169,425 in advisory fees, \$284,550 in finder's fees and issued 2,372,750 non-transferable finder's warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.20 per warrant until December 1, 2023. The grant date fair value of the finder's warrants issued was estimated at \$179,241 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; share price of \$0.20; expected volatility of 68% based on the volatility of comparable companies; risk-free interest rate of 0.95%, and an expected life of 2 years.

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12. COMMON SHARES (continued)

- (iii) In December 2021, the Company issued 300,000 common shares to settle amounts related to services received from vendors. Such shares were measured at \$60,000, based on the value of shares issued in the previous private placement.
- (iv) On February 8, 2022, the Company and Lithium Ionic Inc. (the "Target") closed their brokered private placements (collectively, the "Offering") of subscription receipts (the "Subscription Receipts") by issuing an aggregate of 20,000,000 Subscription Receipts at a price of \$0.70 each, for gross proceeds of \$14,000,000.

Pursuant to the reverse acquisition transaction: (i) each of the 16,645,356 subscription receipts of the Target issued to investors ("Target Subscription Receipts") and the 1,064,845 subscription receipts of the Target issued to the agents (the "Agents' Target Subscription Receipts"), were exchanged for one (1) Company Share; and (ii) each of the 3,354,644 subscription receipts of POCML 6 Inc. issued to investors ("POCML 6 Inc. Subscription Receipts") and the 192,525 subscription receipts of POCML 6 Inc. issued to the agents (the "Agents' POCML 6 Inc. Subscription Receipts", together with the Target Subscription Receipts, the Agents' Target Subscription Receipts and POCML 6 Inc. Subscription Receipts, the "Subscription Receipts") were converted into one (1) Company Share.

In connection with this transaction, the Company incurred the following costs:

- The issuance of an aggregate of 1,257,370 subscription receipts to the agents, valued at \$880,159 based on the subscription receipt price.
 - The issuance of an aggregate of 1,399,999 broker warrants, each exercisable to acquire one common share at a price of \$0.70 until May 19, 2024. The fair value of the broker warrants issued was estimated at \$364,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 65% based on volatilities of comparable companies; risk-free interest rate of 3.85%, and an expected life of 2 years.
 - Cash payments of \$322,070.
- (v) On October 5, 2022, the Company closed a brokered private placement by issuing 15,625,000 common shares of the Company at a price of \$1.60 per share for gross proceeds of \$25,000,000. In connection with this financing, the Company paid a cash fee equal to 6% of the gross proceeds to the agents, as well as issuing 937,500 broker warrants, each of which entitle the holder to purchase one common share of the Company at an exercise price of \$1.60 expiring October 5, 2024. The fair value of the broker warrants was estimated at \$549,375 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 68% based on volatilities of comparable companies; risk-free interest rate of 1%, and an expected life of 2 years.

The Company also incurred legal and regulatory costs such that total cash payments including the cash broker fee was \$1,656,997.

- (vi) During the year ended December 31, 2022, 430,000 of the Company's stock options were exercised at a weighted-average price of \$0.71 per common share, generating proceeds of \$306,400.
- (vii) During the year ended December 31, 2022, 556,992 warrants were exercised at a weighted-average price of \$0.48 per common share, generating proceeds of \$267,183.

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13. EQUITY RESERVES

Warrants

The changes in warrants issued during the periods ended December 31, 2022 and 2021 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, July 5, 2021	-	\$ -	\$ -
Granted, December 2021 - Broker warrants (10(ii))	2,372,750	0.20	179,241
Balance, December 31, 2021	2,372,750	\$ 0.20	\$ 179,241
Exchanged, May 2022 - POCML 6 acquisition	55,192	0.16	29,909
Granted, May 2022 - Broker warrants (10(iv))	1,399,999	0.70	364,000
Granted, October 2022 - Broker warrants (10(v))	937,500	1.60	549,375
Exercised, June 2022 (10(vi))	(556,992)	0.48	(121,629)
Balance, December 31, 2022	4,208,449	\$ 0.64	\$ 1,000,896

Pursuant to the Transaction, the Company issued 55,192 warrants, each exercisable to acquire one common share at a price of \$0.10 until April 5, 2023. The fair value of the warrants issued was estimated at \$29,909 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 69% based on volatilities of comparable companies; risk-free interest rate of 2.70%, and an expected life of approximately 0.9 year.

The following table summarizes the warrants outstanding as of December 31, 2022:

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	
2,176,750	2,176,750	1-Dec-21	1-Dec-23	0.20	164,435	68%	0.95%	2.00	0%
9,200	9,200	19-May-22	5-Apr-23	0.16	4,985	69%	2.70%	0.88	0%
1,084,999	1,084,999	19-May-22	19-May-24	0.70	282,101	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%
4,208,449	4,208,449				1,000,896				

The weighted-average remaining contractual life of the warrants as of December 31, 2022 is 1.22 years (December 31, 2021: 1.92 years).

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13. EQUITY RESERVES (continued)

Share-based payments

The changes in stock options issued during the periods ended December 31, 2022 and 2021 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, July 5, 2021 and December 31, 2021	-	\$ -	\$ -
Granted	12,007,000	1.01	6,945,065
Exercised	(430,000)	0.71	(171,823)
Balance, December 31, 2022	11,577,000	\$ 1.02	\$ 6,773,242

On April 20, 2022, the Company granted a total of 6,720,000 stock options to directors, officers and consultants of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of \$0.70 per option until April 20, 2027. The grant date fair value of the options issued was estimated at \$2,636,256 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 65% based on the volatility of comparable companies; risk-free interest rate of 2.63%, and an expected life of 5 years. Directors and officers were granted 5,750,000 options with a fair value of \$2,255,725.

On June 1, 2022, the Company granted a total of 2,950,000 stock options to directors, officers and consultants of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of \$1.24 per option until June 1, 2027. The grant date fair value of the options issued was estimated at \$2,081,815 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 66% based on the volatility of comparable companies; risk-free interest rate of 2.86%, and an expected life of 5 years. Directors and officers were granted 2,330,000 options with a fair value of \$1,644,281.

On June 13, 2022, the Company granted a total of 250,000 stock options to a consultant of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of \$1.06 per option until June 13, 2027. The grant date fair value of the options issued was estimated at \$209,425 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 66% based on the volatility of comparable companies; risk-free interest rate of 3.48%, and an expected life of 5 years.

On August 5, 2022, the Company granted a total of 150,000 stock options to consultants of the Company. The options vested immediately and may be exercised at a price of \$1.22 per option until August 5, 2027. The grant date fair value of the options issued was estimated at \$105,750 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 67% based on the volatility of comparable companies; risk-free interest rate of 2.9%, and an expected life of 5 years.

On November 3, 2022, the Company granted a total of 1,937,000 stock options to directors, officers and consultants of the Company. The options vested immediately and may be exercised at a price of \$1.69 per option until November 3, 2027. The grant date fair value of the options issued was estimated at \$1,911,819 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 67% based on the volatility of comparable companies; risk-free interest rate of 3.59%, and an expected life of 5 years. Directors and officers were granted 1,720,000 options with a fair value of \$1,697,640.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

13. EQUITY RESERVES (continued)

During the year ended December 31, 2022, 430,000 of the Company's options were exercised at a weighted-average exercise price of \$0.71 generating proceeds of \$306,400 (period ended December 30, 2021: no options exercised). The Company's weighted average share price at the time of the option exercises was \$1.56.

For the year ended December 31, 2022, \$6,945,065 (July 5 to December 31, 2021: \$nil) in share-based compensation has been recognized in the consolidated statements of loss and comprehensive loss.

Options outstanding as of December 31, 2022 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%
2,940,000	2,940,000	1-Jun-22	1-Jun-27	1.24	2,074,758	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%
11,577,000	11,577,000				6,773,242				

14. 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.

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 years ended December 31, 2022 and 2021.

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.

Lithium Ionic Corp.

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15. 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 December 31, 2022, the Company's financial instruments that are carried at fair value, being short-term investments, 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:

(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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

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15. FINANCIAL INSTRUMENTS (continued)

As at December 31, 2022 and 2021, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

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)	-
	<u>\$ (424,256)</u>	<u>\$ 8,711</u>

December 31, 2021		
	Brazilian reals	US dollars
Cash	\$ 41,368	\$ -
Accounts payable and accrued liabilities	(12,703)	-
	<u>\$ 28,665</u>	<u>\$ -</u>

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately \$40,000 (December 31, 2021 - \$3,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately \$1,000 (December 31, 2021 - \$nil).

(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 December 31, 2022, the Company had a cash balance of \$31,492,788 (December 31, 2021 - \$7,788,687) to settle current liabilities of \$2,119,504 (December 31, 2021 - \$945,956). The Company's trade payables 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

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16. 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 years ended December 31, 2022 and 2021, the remuneration of directors and other key management personnel is as follows:

	For the year ended December 31, 2022	For the period July 5, 2021 (date of incorporation) to December 31, 2021
Management and Consulting fees	\$ 3,608,768	\$ 653,326
Share-based compensation	5,597,646	-
Total	\$ 9,206,414	\$ 653,326

As at December 31, 2022, an amount of approximately \$1,250,000 (December 31, 2021 - \$450,000), 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 year ended December 31, 2022, 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.

In connection with the July 5, 2021 incorporation of the Company, 23,500,001 common shares were issued to directors and or officers of the Company for gross proceeds of \$2.

Acquisition of MGLIT – see Note 3.

Lithium Ionic Corp.

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17. 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 December 31, 2022 and 2021:

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	\$ 1,474,097	\$ 1,958,712
Lease liability	247,570	-	247,570
Total Liabilities	\$ 732,185	\$ 1,474,097	\$ 2,206,282

December 31, 2021	Brazil	Canada	Total
Cash and cash equivalents	\$ 41,368	\$ 7,747,319	\$ 7,788,687
Amounts receivable	-	43,424	43,424
Prepaid expenses	-	1,000	1,000
Total Assets	\$ 41,368	\$ 7,791,743	\$ 7,833,111
Accounts payable and accrued liabilities	\$ 12,703	\$ 933,253	\$ 945,956
Total Liabilities	\$ 12,703	\$ 933,253	\$ 945,956

The following table summarizes the loss by geographic segment for the periods ended December 31, 2022 and 2021:

December 31, 2022	Brazil	Canada	Total
Other income	\$ (2,531)	\$ (456,999)	\$ (459,530)
Exploration and evaluation expenses	9,870,898	-	9,870,898
General and administrative expenses	43,326	9,520,499	9,563,825
Share-based payments	-	6,945,065	6,945,065
Depreciation	33,153	-	33,153
Accretion expense	5,352	-	5,352
Foreign exchange (gain)	124,851	(8,230)	116,621
Loss	\$ 10,075,049	\$ 16,000,335	\$ 26,075,384
December 31, 2021	Brazil	Canada	Total
Exploration and evaluation expenses	27,337	-	27,337
General and administrative expenses	9,192	741,251	750,443
Foreign exchange loss	1,588	-	1,588
Loss	\$ 38,117	\$ 741,251	\$ 779,368

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2022 and 2021

Expressed in Canadian Dollars - Unaudited

18. 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 December 31, 2022, these contracts require payments of approximately \$3,390,000 (December 31, 2021 - \$1,293,000) 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 \$1,764,000 (December 31, 2021 - \$646,500) pursuant to the terms of these contracts as of December 31, 2022. As a triggering event has not taken place on December 31, 2022, these amounts have not been recorded in these consolidated financial statements.

Other

See Notes 1, 9 and 10.

19. INCOME TAXES

Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% were as follows:

	2022	2021
	\$	\$
(Loss) before income taxes	(26,125,385)	(779,368)
Expected income tax recovery based on statutory rate	(6,923,000)	(207,000)
Adjustment to expected income tax benefit:		
Share-based payments	1,840,000	-
Expenses not deductible for tax purposes	1,230,000	-
Change in Benefit of tax assets not recognized	3,853,000	207,000
Deferred income tax provision (recovery)	-	-

Lithium Ionic Corp.

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19. INCOME TAXES

Deferred Income taxes

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
	\$	\$
Non-capital loss carry-forwards - Canada	5,856,000	862,000
Share issue costs - Canada	2,087,000	508,000
Tax losses - Brazil	9,853,000	-
	<u>17,796,000</u>	<u>1,370,000</u>

Non-capital losses in Canada expire in 2042. Tax losses in Brazil expire in 2037.

The potential future benefit of these losses has not been recognized in the consolidated financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

20. SUBSEQUENT EVENTS

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 Lítio Mineração Ltda. ("Vale Lítio"), 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 Lítio through a payment to Exotic 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 Lítio 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 Lítio on or before July 20, 2023;
- R\$500,000 in cash to acquire an additional 1.54% equity ownership in Vale Lítio on or before February 20, 2024;
- R\$30,000,000 in cash to acquire an additional 92.6% equity ownership in Vale Lítio 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% 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

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20. SUBSEQUENT EVENTS (continued)

In February 2023, the Company, through MGLIT, acquired a strategic mining claim from Clésio Alves Gonçalves Mineração 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% Li₂O 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% Li₂O within 48 months of acquiring the claim, the Company shall pay Clesio an additional cash bonus of USD\$1,000,000.

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 (\$2,797,709) 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. 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% Li₂O. 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.

Subsequent to the end of the year, 212,813 warrants were exercised for proceeds of \$54,163 and 100,000 stock options were exercised for \$124,000. As well, 200,000 stock options were granted at an exercise price of \$2.89 expiring in February 2028.

Lithium Ionic Corp.
Management's Discussion and Analysis
For the year ended December 31, 2022
(in Canadian dollars, unless otherwise noted)

Date: April 28, 2022

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 year ended December 31, 2022. The MD&A should be read in conjunction with the audited consolidated financial statements 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 year ended December 31, 2022, 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 subsidiary, MGLIT Empreendimentos Ltda. ("**MGLIT**"). The Company acquired 99.9% of the issued and outstanding shares of MGLIT on October 21, 2021: 99.8% from an officer and director of the Company and 0.1% from a corporation controlled by an officer and director of the Company. The remaining 0.1% of the issued and outstanding shares were acquired on February 14, 2022 from an officer and director of Lithium Ionic.

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 Project

On December 23, 2020, MGLIT acquired seven mineral licenses from Falcon Metais Ltda. The Itinga project is located in Minas Gerais state (MG), Brazil. The project comprises seven mineral licences 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 (Li₂O) mineralized pegmatite in four deposits.

Galvani Mining Licenses

On September 12, 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.

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 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 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.

Borges claims

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 claims to MGLIT. Upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li₂O 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.

Vale claims

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 Araçuaí-Itinga Pegmatite region.

Pursuant to the terms of the Agreement, the Company has 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 (approximately \$130,000) in cash to acquire an additional 1.54% equity ownership in Vale on or before February 20, 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;
- 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

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- 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.

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 Mineração 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).

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. 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% Li₂O. 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.

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 by the end of the year had completed over 11,000 metres of drilling, yielding excellent results which were in line with nearby projects and established deposits.

Drilling continued into 2023 with up to seven drill rigs turning, nearly 4,000 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 400

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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 17 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 150 metres, however the Company has intersected strong lithium grades and thicknesses up to 400 metres down dip. The style of mineralization found to date, characterized by several staked pegmatite vein sets, is consistent with other nearby lithium deposits.

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 in preparation for future economic studies.

The Company is continuing to drill aggressively at Bandeira with the objective of delivering an initial NI 43-101 resource estimate in the next several months, which will form the basis for the development of the feasibility study in the second half of the year.

A summary of exploration activity is presented below:

Activity	#	Comments
Collected Soil Samples	1,601	
Collected Rock Samples	105	
Line Opened (Km)	58.15	
Geological Points	534	
Geological Mapping (Km)	68.20	
Geological Trench Mapping (m)	1,222	
Geological Garimpos Mapped	4	
Ground Geophysics (Km)	8.67	Areas 1, 2 and detail area 1
Galvani Diamond Drilling (m)	5,603.70	44 DDH Completed
Bandeira (Area 1) Diamond Drilling (m)	5,408.88	49 DDH Completed

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Drilling Summary Results:

GALVANI AREA				MINERALIZED INTERVALS			
HOLE ID	Section	Status	Depth	From	to	(m)	Li2O (%)
OLDD001	LT 100 NW	Finished	59.04	25.00	43.00	18.00	1.58
OLDD002	LT 400 NW	Finished	152.02			NSR	
OLDD003	LT 200 NW	Finished	100.62	71	83.00	12.00	1.78
OLDD004	LT 00	Finished	35.39			NSR	
OLDD005	LT 00	Finished	239.55			NSR	
OLDD006	LT 400 NW	Finished	109.06	76.75	97.00	20.25	1.62
OLDD007	LT 800 NW	Finished	154.74	22.79	25.17	2.38	1.08
TOTAL DRILLED BY GALVANI (m)			850.42				
ARDD-22-001	LT 100 NW	Finished	43.65	4.70	29.63	24.93	1.57
ARDD-22-002	LT 200 NW	Finished	74.95	11.30	53.35	42.05	1.17
ARDD-22-003	LT 100 NW	Finished	127.80			NSR	
ARDD-22-004	LT 400 NW	Finished	166.75			NSR	
ARDD-22-005	LT 200 NW	Finished	259.40			NSR	
ARDD-22-006	LT 600 NW	Finished	150.30	94.73	100.59	5.86	0.53
ARDD-22-007	LT 600 NW	Finished	155.15	63.94	83.72	19.78	1.94
ARDD-22-008	LT 300 NW	Finished	121.80	80.43	91.20	10.77	1.27
ARDD-22-009	LT 400 NW	Finished	140.20	58.80	79.50	20.70	1.68
ARDD-22-010	LT 300 NW	Finished	161.10	128.70	133.31	4.61	1.27
ARDD-22-011	LT 500 NW	Finished	148.70			NSR	
ARDD-22-013	LT 500 NW	Finished	181.80			Not Sampled	
ARDD-22-012	LT 500 NW	Finished	123.00	84.15	95.00	10.85	1.77
ARDD-22-014	LT 700 NW	Finished	100.60	31.98	70.48	38.50	1.30
ARDD-22-015	LT 700 NW	Finished	136.45			NSR	
ARDD-22-016	LT 800 NW	Finished	116.55	30.18	38.18	8.00	1.29
ARDD-22-017	LT 900 NW	Finished	157.30			NSR	
ARDD-22-018	LT 800 NW	Finished	124.15			NSR	
ARDD-22-019	LT 00	Finished	75.45			Not Sampled	
ARDD-22-020	LT 1000 NW	Finished	64.35			Not Sampled	
ARDD-22-021	LT 200 NW	Finished	100.60	35.50	81.71	46.21	1.53
ARDD-22-022	LT 850 NW	Finished	52.90	12.68	31.87	19.19	1.30
ARDD-22-023	LT 00	Finished	70.10	30.52	33.5	2.98	1.11
ARDD-22-024	LT 400 NW	Finished	180.90			Not Sampled	
ARDD-22-025	LT 300 NW	Finished	99.20	37.00	58.91	21.91	1.71
ARDD-22-026	NO	Finished	154.70			Not Sampled	

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ARDD-22-027	NO	Finished	206.05					Not Sampled
ARDD-22-028	LT 500 NW	Finished	240.85					Not Sampled
ARDD-22-029	NO	Finished	200.15					NSR
ARDD-22-030	LT 100 NW	Finished	53.00	0.00	25.63	25.63	1.98	
ARDD-22-031	NO	Finished	180.65					Not Sampled
ARDD-22-032	LT 00 MARA	Finished	121.40					NSR
ARDD-22-033	LT 150 NE MARA	Finished	151.40					NSR
ARDD-22-034	LT 100 SW MARA	Finished	121.30					Not Sampled
ARDD-22-035	LT 500 SW MARA	Finished	120.00	21.15	22.35	1.20	0.31	
ARDD-22-036	LT 100 NE MARA	Finished	71.25					NSR
ARDD-22-037	LT 00 MARA	Finished	70.85					NSR
ARDD-22-038	LT 200 NE MARA	Finished	61.70					Not Sampled
ARDD-22-039	LT 300 NE MARA	Finished	70.50					Not Sampled
ARDD-22-040	NO	Finished	120.65					Not Sampled
ARDD-22-041	NO	Finished	151.90					Not Sampled
ARDD-22-042	NO	Finished	151.85					Not Sampled
ARDD-22-043	LT 00 MARA	Finished	121.90					NSR
ARDD-22-044	LT 500 SW MARA	Finished	100.45					NSR

TOTAL DRILLED BY MGLIT (m) 5,603.70

AP = Assays pending

NSR = Average below 1000 ppm Li

BANDEIRA AREA				MINERALIZED INTERVALS			
Hole ID	Section	Status	Depth	From	to	(m)	Li2O (%)
ITDD-22-001	LT 00	Finished	100.55	8.50	13.70	5.20	1.55
ITDD-22-002	LT 00	Finished	96.25	33.08	38.74	5.66	1.93
ITDD-22-003	LT 500	Finished	60.30	21.95	23.01	1.06	0.87
ITDD-22-004	LT 500	Finished	75.60			NSR	
ITDD-22-004B	LT 500	Finished	40.40			NSR	
ITDD-22-005	LT 500	Finished	68.45			NSR	
ITDD-22-006	LT 500	Finished	124.90	54.90	57.60	2.70	2.23
ITDD-22-007	LT 125	Finished	70.50	21.62	27.58	5.96	1.33
ITDD-22-008	LT 00	Finished	75.08			NSR	
ITDD-22-009	LT 750	Finished	109.70			NSR	
ITDD-22-010	LT 750	Stoped	4.40			Not Sampled	

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ITDD-22-011	LT 100 NE	Finished	100.25	53.14	59.89	6.75	1.99
ITDD-22-012	LT 200 NE	Finished	99.80	33.70	42.03	8.33	1.44
ITDD-22-013	LT 200 NE	Finished	99.95	53.18	57.08	3.90	1.56
ITDD-22-014	LT 100 NE	Finished	84.6	77.10	82.80	5.70	1.14
ITDD-22-015	LT 100 SW	Finished	50.9	6.16	8.74	2.58	1.04
ITDD-22-016	LT 300 NE	Finished	102,55	39.50	45.36	5.86	1.27
ITDD-22-017	LT 00	Finished	100.3	62.21	67.15	4.94	1.06
ITDD-22-018	LT 400 NE	Finished	153.65	44.96	45.96	1.00	0.52
ITDD-22-019	LT 100 SW	Finished	101.80	29.83	33.57	3.74	1.97
ITDD-22-020	LT 400 NE	Finished	91.30	19.65	20.65	1.00	0.68
ITDD-22-021	LT 600 NE	Finished	130.90	31.90	34.73	2.83	1.29
ITDD-22-022	LT 300 NE	Finished	103.35	13.31	18.31	5.00	0.50
ITDD-22-023	LT 500 NE	Finished	148.70	38.53	43.59	5.06	2.13
ITDD-22-024	LT 600 NE	Finished	180.35	28.14	33.86	5.72	1.71
ITDD-22-025	LT 600 NE	Finished	130.00	67.62	71.31	3.69	2.22
ITDD-22-026	LT 700 NE	Finished	121.40	12.73	14.72	1.99	0.49
ITDD-22-027	LT 800 NE	Finished	109.15	21.21	29.09	7.88	0.45
ITDD-22-028	LT 700 NE	Finished	111.90	38.64	40.25	1.61	1.95
ITDD-22-029	LT 400 NE	Finished	170.90	145.91	149.08	3.17	1.21
ITDD-22-030	LT 800 NE	Finished	110,30	46.60	53.30	6.70	1.49
ITDD-22-032	LT 700 NE	Finished	163.10	137.40	139.20	1.80	1.58
ITDD-22-033	LT 900 NE	Finished	100.10			NSR	
ITDD-22-033A	LT 900 NE	Finished	21.70	6.05	8.05	2.00	0.50
ITDD-22-034	LT 100 NE	Finished	120.50	17.42	21.10	3.68	0.52
ITDD-22-035	LT 800 NE	Finished	204.90	171.62	176.50	4.88	1.28
ITDD-22-036	LT 200 NE	Finished	121.10	39.10	45.10	6.00	0.90
ITDD-22-037	LT 00	Finished	121.50			Not Sampled	
ITDD-22-038	LT 800 NE	Finished	150.35	98.13	102.85	4.72	1.61
ITDD-22-039	LT 700 NE	Finished	150.45	86.24	91.24	5.00	2.39
ITDD-22-040	LT 100 NE	Finished	151.35	55.90	56.90	1.00	1.36
ITDD-22-041	LT 900 NE	Finished	150.75	37.16	37.97	0.81	0.60
ITDD-22-042	LT 1000 NE	Finished	110.20			Not Sampled	
ITDD-22-043	LT 200 NE	Finished	150.90	38.05	42.41	4.36	1.43
ITDD-22-044	LT 900 NE	Finished	201.90			NSR	
ITDD-22-045	LT 800 NE	Finished	100.60	41.57	44.88	3.31	1.42
ITDD-22-046	LT 200 NE	Finished	120.45	63.00	68.00	5.00	1.17

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ITDD-22-047	LT 1000 NE	Finished	157.35	Not Sampled			
ITDD-22-048	LT 700 NE	Finished	99.05	69.39	74.20	4.81	1.08
ITDD-22-049	LT 200 NE	Finished	97.30	64.87	67.87	3.00	0.86

TOTAL DRILLED BY MGLIT (m) 5,408.88

AP = Assays pending

NSR = Average below 1000 ppm Li

Liquidity and Capital Resources

As at December 31, 2022, the Company had working capital of \$30,372,297 (December 31, 2021 - \$6,887,155). 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.

	December 31, 2022	December 31, 2021
Current assets:		
Cash and cash equivalents	\$ 31,492,788	\$ 7,788,687
Amounts receivable	572,150	43,424
Prepaid expenses	426,863	1,000
	<u>32,491,801</u>	<u>7,833,111</u>
Current liabilities:		
Accounts payable and accrued liabilities	2,008,712	945,956
Short-term lease liability	110,792	-
	<u>2,119,504</u>	<u>945,956</u>
Working capital, current assets less current liabilities	\$ 30,372,297	\$ 6,887,155

On May 19, 2022, the Company closed its previously announced reverse takeover transaction (the "Transaction") with Lithium Ionic Inc. (the "Target"). The Transaction was completed by way of a "three-cornered" amalgamation pursuant to the provisions of the *Business Corporations Act* (Ontario). Prior to the completion of the Transaction, the Company changed its name from "POCML 6 Inc." to "Lithium Ionic Corp." (the "Name Change"). Pursuant to the Transaction, all common shares of the Target were exchanged for Company Shares on a one-for-one basis and Lithium Ionic Inc. and 1000088600 Ontario Inc., a wholly owned subsidiary of the Company newly incorporated under the *Business Corporations Act* (Ontario) for the sole purpose of effecting the Transaction, amalgamated with the resulting entity continuing as a wholly owned subsidiary of the Company under the name "Lithium Ionic Holdings Corp.". The consolidated financial statements for the year ended December 31, 2022 present the continuation of the Target and the acquisition of POCML 6 by Lithium Ionic Inc. as a reverse acquisition for accounting purposes.

On February 8, 2022, Lithium Ionic and Lithium Ionic Inc. closed their brokered private placements (collectively, the "Offering") of subscription receipts (the "Subscription Receipts") by issuing an aggregate of 20,000,000 Subscription Receipts at a price of \$0.70 each, for gross proceeds of \$14,000,000.

Pursuant to the Transaction, the Company issued 7,499,992 common shares to the shareholders of POCML 6. The value of the shares was based on the price of the subscription receipts. As part of the

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acquisition, the Company acquired working capital of \$638,991. Transaction costs, being the excess of the value of the shares issued over net assets, were \$4,640,918.

Details of the allocation of the estimated fair values of identifiable assets acquired and liabilities assumed, and price consideration are as follows:

Consideration paid:	
Issuance of Common Shares (7,499,992 @ \$0.70)	\$ 5,250,000
Issuance of Warrants (55,192 @ \$0.5419)	29,909
	<u>\$ 5,279,909</u>
Purchase price allocation:	
Cash	\$ 701,110
Accounts receivable	9,925
Accounts payable	(72,044)
Transaction costs	4,640,918
	<u>\$ 5,279,909</u>

Pursuant to the Transaction: (i) each of the 16,645,356 subscription receipts of the Target issued to investors (the "Target Subscription Receipts") and the 1,064,845 subscription receipts of the Target issued to the agents (the "Agents' Target Subscription Receipts"), were exchanged for one (1) Company Share; and (ii) each of the 3,354,644 subscription receipts of POCML 6 Inc. issued to investors ("POCML 6 Inc. Subscription Receipts") and the 192,525 subscription receipts of POCML 6 Inc. issued to the agents (the "Agents' POCML 6 Inc. Subscription Receipts", together with the Target Subscription Receipts, the Agents' Target Subscription Receipts and POCML 6 Inc. Subscription Receipts, the "Subscription Receipts") were converted into one (1) Company Share.

In connection with the Transaction, the Company incurred the following costs:

- The issuance of an aggregate of 1,257,370 subscription receipts to the agents, valued at \$880,159 based on the subscription receipt price.
- The issuance of an aggregate of 1,399,999 broker warrants, each exercisable to acquire one common share at a price of \$0.70 until May 19, 2024. The fair value of the broker warrants issued was estimated at \$364,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 68% based on volatilities of comparable companies; risk-free interest rate of 1%, and an expected life of 2 years.
- Cash payments of \$322,070.

Pursuant to the Transaction, the Company issued 55,192 Company Warrants, each exercisable to acquire one common share at a price of \$0.10 until April 5, 2023. The fair value of the warrants issued was estimated at \$29,909 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 69% based on volatilities of comparable companies; risk-free interest rate of 2.70%, and an expected life of approximately 0.9 year.

In October 2022, gross proceeds of \$25,000,000 was raised from the issuance of 15,625,000 common shares of the Company through a private placement offering. Cash issue costs totalled \$1,656,996.

On April 20, 2022, the Company granted a total of 6,720,000 stock options to directors, officers and consultants of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of \$0.70 per option until April 20, 2027.

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On June 1, 2022, the Company granted a total of 2,950,000 stock options to directors, officers and consultants of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of \$1.24 per option until June 1, 2027.

On June 13, 2022, the Company granted a total of 250,000 stock options to a consultant of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of \$1.06 per option until June 13, 2027.

On August 5, 2022, the Company granted a total of 150,000 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 \$1.22 per option until August 5, 2027.

On November 3, 2022, the Company granted a total of 1,937,000 stock options to directors, officers and consultants of the Company, pursuant to its stock option plan. The options vested immediately and may be exercised at a price of \$1.69 per option until November 3, 2027.

During the year ended December 31, 2022, 556,992 warrants were exercised at a weighted-average exercise price of \$0.48 per common share, generating proceeds of \$267,183.

During the year ended December 31, 2022, 430,000 of the Company's stock options were exercised at a weighted-average exercise price of \$0.71 per common share, generating proceeds of \$306,400.

During the year ended December 31, 2022, the Company, through its subsidiary MGLIT, entered into lease agreements for a project base office, a support warehouse, and dormitories. These agreements are for an indefinite term and management has assessed the termination date as of December 31, 2024. Future lease payments for these amount to R\$711,840 (\$182,373). MGLIT also entered into a financing agreement for vehicles with a term of 36 months. Future lease payments for these vehicles amount to R\$401,953 (\$102,980).

Subsequent to the end of the year, 212,813 warrants were exercised generating proceeds of \$54,164 and 100,000 stock options were exercised generating proceeds of \$124,000.

Results of Operations

Quarter ended December 31, 2022

During the quarter ended December 31, 2022, the Company recorded a loss and comprehensive loss of \$6,584,808 or \$0.06 per share. During the comparative period ended December 31, 2021, net loss and comprehensive loss was \$779,368 or \$0.02 per share.

Expenses incurred during the quarter ended December 31, 2022 included:

- \$2,405,360 in project exploration and evaluation expenses with ongoing drilling on the project (December 31, 2021: \$27,337)
- \$129,789 related to the acquisition of the Borges claims
- \$1,975,625 in consulting and management fees (December 31, 2021: \$674,826) which included bonuses
- \$1,911,819 in share-based compensation expense related to the grant of stock options
- \$192,359 in shareholder communications costs
- \$141,509 in professional costs
- \$87,224 in office costs (December 31, 2021: \$77,205).

During the current quarter, \$332,133 in interest income was earned from GICs (December 31, 2021: \$nil).

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As the Company was newly incorporated during the comparative quarter, there was significantly less activity. During the current year, the Company aggressively commenced exploration on the project resulting in increased activity both at site and at the corporate level.

Year ended December 31, 2022

During the year ended December 31, 2022, the Company recorded a loss and comprehensive loss of \$26,125,384 or \$0.28 per share. During the comparative period commencing from the date of incorporation (July 5, 2021) to December 31, 2021, net loss and comprehensive loss was \$779,368.

Expenses incurred during the year ended December 31, 2022 included:

- \$4,468,929 related to the acquisition of the Galvani licenses and Borges claims
- \$5,401,969 in project exploration and evaluation expenses, which included drilling, geophysics and technical reporting
- \$4,640,918 in transaction costs related to the reverse acquisition transaction
- \$6,945,065 in share-based compensation expense
- \$3,997,834 in consulting and management fees (December 31, 2021: \$674,826)
- \$404,623 in shareholder communications
- \$418,206 in professional costs
- \$152,244 in office and general (December 31, 2021: \$77,205).

During the current year, \$459,530 in interest income was earned from GICs (December 31, 2021: \$nil).

Cash flows

Year ended December 31, 2022

During the year ended December 31, 2022, the Company used cash of \$14,455,876 in operating activities (year ended December 31, 2021: \$182,164). This includes \$4,468,929 paid for the Galvani licenses and Borges claims as described in the Exploration section. Non-cash working capital provided \$46,048 during the year ended December 31, 2022 (December 31, 2021: provided \$901,532). 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 year ended December 31, 2022, investing activities provided \$601,130 in cash (year ended December 31, 2021: \$nil). Cash acquired from the reverse acquisition transaction was \$701,110. As well, the Company used \$99,980 in cash for the purchase of equipment.

During the year ended December 31, 2022, cash provided by equity financings was \$39,000,000 less issue costs of \$1,979,067 (year ended December 31, 2021: \$8,062,003 less issue costs of \$455,480). Options exercised generated \$306,400 and warrants exercised generated \$267,183 in cash proceeds (December 31, 2021: \$nil). Payments on lease liabilities for the year ended December 31, 2022 was \$35,669 (December 31, 2021: \$nil).

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, 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 December 31, 2022, 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:

(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.

(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 December 31, 2022 and 2021, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

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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

December 31, 2021				
	Brazilian reals		US dollars	
Cash	\$	41,368	\$	-
Accounts payable and accrued liabilities		(12,703)		-
	\$	28,665	\$	-

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss by approximately \$40,000 (December 31, 2021 - \$3,000).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$1,000 (December 31, 2021 - \$nil).

(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 December 31, 2022, the Company had a cash balance of \$31,492,788 (December 31, 2021 - \$7,788,687) to settle current liabilities of \$2,119,504 (December 31, 2021 - \$945,956). The Company's trade payables 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:

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- Foreign currencies
- Exploration and evaluation properties

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 reais ("BRL"). At December 31, 2022, one Canadian dollar was worth BRL 3.9032 (December 31, 2021 - BRL 4.3956). During the year ended December 31, 2022, the average value of one Canadian dollar was BRL 3.9441 (December 31, 2021 - BRL 4.4401).

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 year ended December 31, 2022	For the period July 5, 2021 (date of incorporation) to December 31, 2021
Mining licenses	\$ 4,468,929	\$ -
Drilling and geophysics	3,176,766	-
Labour	100,774	-
Land management fees, taxes and permits	134,862	11,092
Professional fees	63,090	-
Project overhead costs	231,639	-
Technical reports	1,510,228	16,245
Travel, meals and accomodation	184,610	-
Total exploration and evaluation expenses	\$ 9,870,898	\$ 27,337

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.

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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 December 31, 2022, these contracts require payments of approximately \$3,390,000 (December 31, 2021 - \$1,293,000) 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 \$1,764,000 (December 31, 2021 - \$646,500) pursuant to the terms of these contracts as of December 31, 2022. As a triggering event has not taken place on December 31, 2022, these amounts have not been recorded in these consolidated financial statements.

Refer to Notes 1, 9 and 10 of the consolidated financial statements for the year ended December 31, 2022.

Transactions with Related Parties

As at December 31, 2022, an amount of \$1,250,000 (December 31, 2021 - \$450,000), 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 year ended December 31, 2022, 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.

Acquisition of Subsidiary – see Note 5 to the consolidated financial statements for the year ended December 31, 2022.

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 year ended December 31, 2022, the remuneration of directors and other key management personnel is as follows:

	For the year ended December 31, 2022	For the period July 5, 2021 (date of incorporation) to December 31, 2021
Management and Consulting fees	\$ 3,608,768	\$ 653,326
Share-based compensation	5,597,646	-
Total	\$ 9,206,414	\$ 653,326

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 Resources or 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

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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 resources or 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 resources or 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 resources and 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

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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) 121,392,168 common shares outstanding.
- 2) 5,496,219 warrants outstanding, with expiry dates ranging from December 1, 2023 to March 10, 2026. If all the warrants were exercised, 5,496,219 shares would be issued for gross proceeds of \$5,969,728.
- 3) 11,677,000 options outstanding, with expiry dates ranging from April 20, 2027 to February 27, 2028. If all the options were exercised, 11,677,000 shares would be issued for gross proceeds of \$12,231,130.

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.