Lithium Ionic Corp.

Condensed Interim
Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at:	Note	**March 31, 2025**	December 31, 2024
ASSETS			
Current			
Cash and cash equivalents		**$ 19,361,709**	$ 23,756,282
Amounts receivable		**351,680**	574,742
Prepaid expenses		**608,126**	489,108
Total current assets		**20,321,515**	24,820,132
Long-term			
Project development costs	5	**12,192,908**	7,083,245
Property and equipment	6	**796,087**	770,806
Total assets		**$ 33,310,510**	$ 32,674,183
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	16	**$ 6,583,935**	$ 5,635,904
Short-term lease liabilities	7	**197,626**	158,423
Total current liabilities		**6,781,561**	5,794,327
Long-term lease liabilities	7	**71,115**	52,592
Royalty-based obligations	8	**31,565,782**	29,883,715
Total liabilities		**38,418,458**	35,730,634
SHAREHOLDERS' EQUITY			
Common shares	11	**101,757,300**	101,757,300
Warrant reserve	12	**4,841,022**	4,841,022
Stock-based compensation reserve	13	**10,675,889**	9,956,439
Accumulated other comprehensive loss		**6,379**	6,192
Accumulated deficit		**(122,388,538)**	(119,617,404)
Total shareholders' equity		**(5,107,948)**	(3,056,451)
Total liabilities and shareholders' equity		**$ 33,310,510**	$ 32,674,183

Nature of operations and going concern	1
Commitments and contingencies	18
Subsequent events	19

Approved on behalf of the Board of Directors:

Signed: *Michael Shuh* , Director
Signed: *Blake Hylands* , Director

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended March 31, 2025	2024
Expenses			
Exploration and evaluation expenses	9, 10	**$ 545,786**	$ 5,230,127
Consulting and management fees	16	**1,194,354**	854,594
Shareholder communications		**243,141**	238,580
Professional fees		**480,221**	154,917
Office and general		**377,184**	266,751
Depreciation	6	**31,374**	128,661
(Loss) for the period before other items		**$ (2,872,060)**	$ (6,873,630)
Other items			
Interest income		**185,745**	68,737
Interest and financing fees		**(54,939)**	-
Lease accretion expense	7	**(2,233)**	(11,236)
Foreign exchange (loss)		**(27,647)**	(89,948)
Net (loss) for the period		**$ (2,771,134)**	(6,906,077)
Items that may be subsequently reclassified to net income/(loss):			
Foreign currency translation adjustment of subsidiary		187	-
Net comprehensive (loss) for the period		**$ (2,770,947)**	$ (6,906,077)
Basic and diluted (loss) per share		**$ (0.02)**	$ (0.05)
Weighted average number of common shares outstanding			
Basic and diluted		**158,579,158**	138,185,554

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of Shares	Common Shares	Number of warrants	Warrant Reserve	Number of options and RSUs	Stock-based compensation reserve	Other comprehensive income/(loss)	Deficit	Shareholders' equity
Balance, December 31, 2023	**138,185,554**	**$ 86,507,486**	**3,384,906**	**$ 3,302,389**	**13,782,000**	**$ 9,585,689**	**$ -**	**$ (91,216,908)**	**$ 8,178,656**
Loss and comprehensive loss for the period	-	-	-	-	-	-	-	(6,906,077)	(6,906,077)
Balance, March 31, 2024	**138,185,554**	**$ 86,507,486**	**3,384,906**	**$ 3,302,389**	**13,782,000**	**$ 9,585,689**	**$ -**	**$ (98,122,985)**	**$ 1,272,579**
Balance, December 31, 2024	**158,579,158**	**$ 101,757,300**	**11,775,853**	**$ 4,841,022**	**15,127,000**	**$ 9,956,439**	**$ 6,192**	**$ (119,617,404)**	**$ (3,056,451)**
RSUs issued in settlement of payable	-	-	-	-	-	719,450	-	-	719,450
Loss for the period	-	-	-	-	-	-	-	(2,771,134)	(2,771,134)
Other comprensive income for the period	-	-	-	-	-	-	187	-	187
Balance, March 31, 2025	**158,579,158**	**$ 101,757,300**	**11,775,853**	**$ 4,841,022**	**15,127,000**	**$ 10,675,889**	**$ 6,379**	**$ (122,388,538)**	**$ (5,107,948)**

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	Note	Three months ended March 31, **2025**		2024
Cash (used in)/provided by:				
Operating activities				
(Loss) for the period		**(2,771,134)**	$	(6,906,077)
Items not involving cash:				
Depreciation	6	**31,374**		128,661
Lease accretion expense	7	**2,233**		11,236
Foreign exchange		**28,887**		(3,878)
Changes in non cash working capital				
Amounts receivable		**223,062**		147,156
Prepaid expenses		**(119,018)**		20,585
Accounts payable and accrued liabilities		**1,667,480**		142,496
Net cash (used in) operating activities		**(937,116)**		(6,459,821)
Investing activities				
Capitalized project development costs	5	**(3,352,854)**		-
Purchase of equipment	6	**(12,045)**		(15,837)
Net cash (used in) by investing activities		**(3,364,899)**		(15,837)
Financing activities				
Payments on lease liability	7	**(62,120)**		(74,320)
Net cash (used in) financing activities		**(62,120)**		(74,320)
Effect of exchange rate changes on cash held in foreign currency		**(30,438)**		-
Change in cash		**(4,394,573)**		(6,549,978)
Cash, beginning of the period		**23,756,282**		11,167,803
Cash, end of the period		**19,361,709**	$	4,617,825
SUPPLEMENTAL INFORMATION				
Equipment acquired through leases	6, 7	**90,841**		15,932
Capitalized depreciation and accretion	5, 6, 7	**50,136**		-
Capitalized accretion on royalty obligation	5, 8	**1,709,065**		-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

The Company controls 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.
- A 100% interest in Neolit Minerals Participações Ltda. ("Neolit"), a Brazilian company, acquired through Lithium Ionic Holdings Corp. Neolit owns a 100% interest in Salit Mineracao Ltda.
- A 100% interest in Lithium Ionic Bandeira Corp., a company incorporated on June 14, 2024 in the Cayman Islands.
- Through MGLIT, the Company owns a 10% ownership interest in Valitar Participações S.A.("Valitar") holding preferred shares that pass on the economic rights of Valitar to MGLIT. Valitar was incorporated in Brazil for the purpose of acquiring surface rights on claims owned by the Company that the Company expects could result in mineral production. The Company determined that it controls Valitar and as a result includes Valitar in its consolidated financial statements.

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

The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

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

At March 31, 2025, the Company had current assets of $20,321,515 and current liabilities of $6,781,561 (December 31, 2024 - $24,820,132 and $5,794,327 respectively) and an accumulated deficit of $122,386,538 (December 31, 2024 - $119,617,404). As the Company does not yet have any revenue-generating operations, it is dependent on future financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. As such, there is material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

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

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, Interim Financial Reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024.

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. The functional currency of the Company's Brazilian subsidiaries is also the Canadian dollar. The functional currency of Lithium Ionic Bandeira Corp. is the United States dollar. All values are rounded to the nearest dollar. References to R$ refer to the Brazilian Real.

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

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the three months ended March 31, 2025 were reviewed, approved and authorized for issue by the Board of Directors of the Company on May 27, 2025.

3. MATERIAL ACCOUNTING POLICIES

The policies set out in the company's annual financial statements for the year ended December 31, 2024 were consistently applied to all periods unless otherwise noted below.

New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2025. 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

IFRS 18 - In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standard replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted. The Company is assessing the impacts of the adoption of this standard on the financial statements.

IFRS 9 and IFRS 7 - In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted. The Company is assessing the impacts of the adoption of this standard on the financial statements.

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.

Leases

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

4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Transition from the exploration stage to the development stage

Judgment is required in determining when an exploration and evaluation project has been established as commercially viable and technically feasible such that it transitions from the exploration and evaluation stage, where the Company expenses costs as incurred, to the development stage, where costs are capitalized. With respect to the Bandeira project, the Company considered a) the completion of the feasibility study and b) the royalty agreement with Appian Capital Advisory LLP (“Appian”) (Note 8) where use of proceeds is restricted to funding the initial development of the project, and concluded technical feasibility and commercial viability was achieved. As such, effective July 2024, the Company commenced capitalizing development costs related to the Bandeira project.

Impairment of non-financial assets

Significant judgments, estimates and assumptions are required to determine whether any indication of impairment exists. Management uses the projected cash flows over the life of mine with key assumptions that include, but are not limited to, mineral reserves and mineral resources, expected operating costs, commodity prices, expected capital expenditures and discount rates that reflect specific risks relating to the relevant assets. These assumptions are susceptible to risks and uncertainties and may change the Company’s projection and, therefore, may affect the recoverable value of assets.

Classification of royalty as a royalty-based obligation

Significant judgment is required in determining the appropriate accounting treatment for the Appian royalty arrangement (Note 8). Judgement was required to assess whether the arrangement is a financial liability or a sale of a mineral interest. After analyzing the terms of the royalty agreement with Appian, management determined that the royalty should be classified as a financial liability as a) the royalty obligations are secured by charges and share pledges over substantially all current and future assets relating to the project, b) a termination amount is payable in the event of default and c) the arrangement includes a buy-back option. Estimates on expected timing and amount of cash flows are used to determine the value of the liability. These are based on technical information from the Feasibility Study. Judgement is also used to value the embedded derivative.

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.

Expressed in Canadian Dollars

4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Income, value added, withholding and other taxes

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

Contingencies

Refer to Note 18.

5. PROJECT DEVELOPMENT COSTS

In July 2024, after closing its royalty agreement with Appian, which required that the Company spend the proceeds specifically on the initial development of the Bandeira project, and considering the results of the definitive feasibility study, the Company determined that it was appropriate to begin capitalizing costs related to the development of the Bandeira project. Depreciation on project development costs has not been recorded as the assets are not in use. The Company continues to expense exploration and evaluation costs related to its other properties.

	Development costs	Depreciation allocation	Amortization of leases	Accretion of royalty obligation	Foreign exchange	TOTAL
As at December 31, 2023	$ -	$ -	$ -	$ -	$ -	$ -
Additions	4,324,245	104,268	7,044	2,647,688	-	7,083,245
As at December 31, 2024	$ 4,324,245	$ 104,268	$ 7,044	$ 2,647,688	$ -	$ 7,083,245
Additions	3,352,854	46,231	3,905	1,709,065	(2,392)	5,109,663
As at March 31, 2025	$ 7,677,099	$ 150,499	$ 10,949	$ 4,356,753	$ (2,392)	$ 12,192,908

Expressed in Canadian Dollars

6. PROPERTY AND EQUIPMENT

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

	Computers, furniture & equipment	Field and lab equipment	Vehicles	Software	Right-of-Use assets	Total
Cost						
As at December 31, 2024	$ 244,687	$ 33,002	$ 167,498	$ 21,076	$ 612,369	$ 1,350,001
Additions	12,045	-	-	-	90,841	102,886
Disposal	-	-	-	-	(158,389)	(158,389)
As at March 31, 2025	**$ 256,732**	**$ 33,002**	**$ 167,498**	**$ 21,076**	**$ 544,821**	**$ 1,294,498**
Accumulated Depreciation						
As at December 31, 2024	$ (49,650)	$ (4,414)	$ (77,353)	$ (21,076)	$ (426,702)	$ (579,195)
Depreciation	(8,262)	(825)	(8,375)	-	(60,143)	(77,605)
Disposal	-	-	-	-	158,389	158,389
As at March 31, 2025	**$ (57,912)**	**$ (5,239)**	**$ (85,728)**	**$ (21,076)**	**$ (328,456)**	**$ (498,411)**
Net book value as at December 31, 2024	$ 195,037	$ 28,588	$ 90,145	$ -	$ 185,667	$ 770,806
Net book value as at March 31, 2025	**$ 198,820**	**$ 27,763**	**$ 81,770**	**$ -**	**$ 216,365**	**$ 796,087**

Disposals during the three months ended March 31, 2025 included right-of-use leases for dormitories and a site office. The original lease periods expired and the Company has extended the terms of these leases for an additional two years. As a result, the original right-of-use assets were derecognized and new right-of-use assets were recorded.

7. LEASE LIABILITY

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

As at December 31, 2024	$	**211,015**
Lease acquisition		90,841
Lease accretion		6,137
Lease payments		(62,120)
Foreign exchange		22,867
As at March 31, 2025	**$**	**268,741**
Current portion of lease liability	$	197,626
Long-term portion of lease liability	$	71,115

The Company's lease liabilities include financing arrangements for vehicles as well as right-of-use leases for office space, dormitories and warehouses in Brazil. Original lease terms ranged from 23 to 36 months. Some of these contracts expired on December 31, 2024 and extended terms were renegotiated for an additional two years.

Monthly rent payments for the Company's right-of-use agreements total R$84,858 ($21,282). An estimated incremental borrowing rate of 7.5% per annum was used.

Expressed in Canadian Dollars

7. LEASE LIABILITY (continued)

For the three months ended March 31, 2025, the Company allocated $2,233 in lease accretion to the consolidated statements of loss and comprehensive loss and $3,905 to capitalized project development costs.

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

	R$	CAD$
Payments due within 1 year	852,147	213,719
Payments due in 1-3 years	291,350	73,071

8. ROYALTY-BASED OBLIGATIONS

On July 18, 2024, the Company completed a definitive royalty agreement with Appian Capital Advisory LLP ("Appian"). The Company, through its subsidiary, Lithium Ionic Bandeira Corp., granted an affiliate of Appian a 2.25% gross revenue royalty in exchange for upfront consideration of US$20,000,000 ($27,454,000). The Company is required to use the proceeds to advance the development and construction of the Bandeira Lithium Project. The agreement stipulates an option to fully buy-back the Royalty within the first five years for a fee of US$67,500,000. The royalty obligations will be secured by charges and share pledges over substantially all current and future assets relating to the Bandeira Project. In the event of default, a termination payment will be payable.

The royalty arrangement is accounted for as a financial liability and was initially recognized at US$20,000,000 ($27,454,000) net of transaction costs directly related to the royalty agreement of US$1,071,634 ($1,478,899) and is subsequently measured at amortized cost. The discount rate, being 22.5%, was determined at recognition by calculating the internal rate of return of the expected cash flows. The carrying value of the royalty-based obligation will be remeasured at each reporting period based on the revised expected future cash flows using the original discount rate under the amortized cost method. The buy-back option was classified at fair value through profit and loss and estimated at $nil as it is unknown at this time whether the Company will be able to exercise the buy-back option before expiry.

Balance, December 31, 2023	$	-
Initial recognition of royalty-based liability		25,975,101
Capitalized accretion		2,647,688
Foreign exchange revaluation		1,260,926
Balance, December 31, 2024	$	29,883,715
Capitalized accretion		1,709,065
Foreign exchange revaluation		(26,998)
Balance, March 31, 2025	$	31,565,782

As at March 31, 2025, the Company has recognized the entirety of this liability as long-term as it is not anticipated that any royalty payments will be made within the next twelve months. Accretion is capitalized to Project development costs on the Consolidated Statements of Financial Position.

9. ACQUISITION OF MINING LICENSES

Neolit option agreement

On July 3, 2024, the Company announced that it's subsidiary, Neolit, entered into an option agreement with K2 Mineração e Exportação EIRELI, Super Clássico Comércio, Importação e Exportação Ltda. and Minerales Empreendimentos, Mineração e Participações Ltda. to acquire up to a 90% interest in each of three newly formed special purpose vehicles which collectively hold five mineral claims in the Itinga region. Neolit will initially hold a minority stake in each that can increase up to 90% with an investment of a minimum of R$21,300,000 (approximately $5,500,000) by Q1-2030. During the three months ended March 31, 2025, the Company incurred expenditures of R$106,861 ($25,970) and as at March 31, 2025, total expenditures related to this option totaled R$241,360 ($57,870) with respect to these properties.

Vale Litio claims

In January 2023, the Company entered into a binding share purchase agreement with Exotic Mineração Ltda. ("Exotic"), which was amended in February 2024 and further amended in February 2025, pursuant to which MGLIT has the option to acquire up to a 100% interest in Vale Do Litio Mineração Ltda. ("Vale Litio"), who has a 100% beneficial ownership interest in three lithium mining claims in Minas Gerais. On signing, the Company had acquired an initial 2.78% equity ownership interest in Vale Litio through a payment to Exotic of R$900,000 ($232,834) in cash. Pursuant to the agreement, the Company can or has acquired the following ownership interest through the following payments to Exotic:

- R$500,000 ($129,947) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2023 (paid in February 2023);
- R$500,000 ($137,625) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before July 20, 2023 (paid in July 2023);
- R$500,000 ($136,559) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2024 (paid January 2024);
- R$50,000 ($12,376) in cash to acquire an additional 0.15% equity ownership interest in Vale Litio on or before July 29, 2024 (paid July 2024);
- R$500,000 in cash payable in four instalments of R$125,000 on March 5, 2025 ($30,863 paid March 2025), July 20, 2025, January 20, 2026 and July 20, 2026 to acquire an aggregate 1.6% equity ownership interest in Vale Litio;
- R$29,450,000 in cash to acquire the final 90.85% equity ownership in Vale Litio on or before January 20, 2027.

If the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale claims of at least six million tonnes with an average content greater than 1.3% Li_2O, the Company shall pay Exotic a cash bonus of R$10,000,000. If the Company does not complete the acquisition, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claim areas before January 20, 2027 or pay a fine of R$5,000,000. This drilling is waived if the acquisition is completed.

Amounts paid to March 31, 2025, R$2,575,000 ($680,204) which represents a 7.95% interest, have been recorded as land acquisition costs in exploration and evaluation expenses in the period in which they were incurred (March 31, 2024: R$2,400,000 ($636,965) representing a 7.4% interest).

Expressed in Canadian Dollars

9. ACQUISITION OF MINING LICENSES (continued)

Clesio claims
In February 2023, the Company, through MGLIT, acquired a strategic mining claim from Clésio Alves Gonçalves Mineraçao E Comercio Ltda. (“Clesio”). The Company paid R$500,000 ($129,947) in cash to acquire the claim, which was recorded as land acquisition costs in exploration and evaluation expenses. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li_2O by August 13, 2025, the Company shall pay Clesio a cash bonus of USD$1,000,000. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least five million tonnes with an average content greater than 1.3% Li_2O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD$1,000,000. As at March 31, 2025, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

Borges claims
In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineracao Borges Ltda. Upon closing, the Company paid R$500,000 ($129,133) upon execution of the conveyance documents transferring the claims to MGLIT. The terms of the agreement were amended in February 2024 whereby R$50,000 ($13,597) was paid in March 2024 and $14,950,000 is payable upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li2O content over 1.3% by June 5, 2025. The Company may terminate this agreement at any time without incurring additional financial penalties.

10. EXPLORATION AND EVALUATION EXPENSES

Lithium Ionic owns a 100% ownership interest in the Bandeira Project in Brazil, comprising certain exploration permits, the Galvani Licenses, the Borges, Clesio and Vale claims and 100% of the Salinas claims from its acquisition of Neolit, all located in Minas Gerais state (MG), Brazil. The Company commenced the capitalization of developments costs of the Bandeira project (Note 5). .

Exploration and evaluation expenses are detailed in the following table.

	Three months ended March 31, 2025	2024
Drilling and geophysics	$ 230,561	$ 3,222,115
Mining licenses and land acquisition	97,736	167,455
Technical reports	115,356	921,514
Project overhead costs	45,073	324,490
Labour	407	321,541
Land management fees, taxes and permits	7,982	112,015
Professional fees	7,485	78,521
Travel, meals and accomodation	41,186	82,476
Total exploration and evaluation expenses	**$ 545,786**	**$ 5,230,127**

Expressed in Canadian Dollars

11. COMMON SHARES

Authorized

On March 31, 2025, the authorized share capital consisted of an unlimited number of common shares without par value. There was no change to common shares during the three months ended March 31, 2025.

12. WARRANT RESERVES

There was no change to warrant reserves during the three months ended March 31, 2025. The following table summarizes the warrants outstanding as of March 31, 2025:

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	
1,500,000	-	13/Mar/23	10/Mar/26	2.25	1,702,500	74%	3.31%	3.00	0%
821,438	821,438	31/Jul/23	31/Jul/25	2.10	1,017,762	73%	4.48%	1.00	0%
8,884,888	8,884,888	7/Jun/24	7/Dec/25	1.05	2,007,994	80%	4.00%	1.50	0%
569,527	569,527	7/Jun/24	7/Jun/25	0.90	112,766	73%	4.48%	1.00	0%
11,775,853	**10,275,853**				**4,841,022**				

The weighted-average remaining contractual life of the warrants as of March 31, 2025 is 0.67 years (December 31, 2024: 0.92 years).

13. STOCK-BASED COMPENSATION RESERVES

	Stock Options		RSUs		Total	
	Number	Value	Number	Value	Number	Value
Balance, December 31, 2024	15,127,000	$9,956,439	-	$ -	15,127,000	$ 9,956,439
Granted	-	$ -	917,768	$719,450	917,768	$ 719,450
Balance, March 31, 2025	**15,127,000**	**$9,956,439**	**917,768**	**$719,450**	**16,044,768**	**$10,675,889**

Expressed in Canadian Dollars

13. STOCK-BASED COMPENSATION RESERVES (CONTINUED)

Stock options

There was no change to stock option reserves during the three months ended March 31, 2025. The following table summarizes the stock options outstanding as of March 31, 2025:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$			Years	
6,280,000	6,280,000	20-Apr-22	20-Apr-27	0.70	2,463,644	65%	2.63%	5.00	0%
2,680,000	2,680,000	1-Jun-22	1-Jun-27	1.24	1,891,276	66%	2.86%	5.00	0%
250,000	250,000	13-Jun-22	13-Jun-27	1.06	209,425	66%	3.48%	5.00	0%
150,000	150,000	5-Aug-22	5-Aug-27	1.22	105,750	67%	2.90%	5.00	0%
1,932,000	1,932,000	3-Nov-22	3-Nov-27	1.69	1,906,884	67%	3.59%	5.00	0%
200,000	200,000	27-Feb-23	27-Feb-28	2.89	336,600	66%	3.57%	5.00	0%
1,940,000	1,940,000	15-Nov-23	15-Nov-28	1.44	2,248,460	111%	3.88%	5.00	0%
150,000	150,000	1-Dec-23	1-Dec-28	1.60	191,850	110%	3.50%	5.00	0%
1,545,000	1,545,000	11-Jul-24	11-Jul-29	0.90	602,550	87%	3.40%	5.00	0%
15,127,000	**15,127,000**				**9,956,439**				

On July 26, 2024, shareholders approved the Company's RSU/DSU plan. The Board of Directors may at any time authorize the grant to eligible participants RSUs and/or DSUs. Each grant shall specify the performance period and performance conditions, if any, and the vesting date. Each RSU or DSU award represents the right for the participant to receive on vesting either one common share of the Company or a cash payment equal to the equivalent therefore, which shall be at the sole and absolute discretion of the Board of Directors. The aggregate number of common shares that may be reserved for issuance under the RSU/DSU plan is limited to 12,500,000 common shares. The maximum aggregate number of common shares that are issuable pursuant to all share-based compensation granted or issued in any 12-month period to any one eligible consultant shall not exceed 2% of the total number of issued and outstanding common shares of the Company on a non-diluted basis. RSUs shall be settled by the Company upon the vesting date in either cash or common shares, however DSUs, upon vesting, shall be settled in either cash or shares upon the earlier of the death, eligible retirement or termination of the participant.

As at March 31, 2025, there were 917,768 RSUs outstanding. In January 2025, 917,768 RSUs were granted to a supplier of the Company to settle a liability. These RSUs vest on January 22, 2025 and were recorded at a value of $719,450 which is the estimated fair value of the liability settled.

Subsequent to the end of the quarter ended March 31, 2025, 933,277 RSUs were granted to a supplier of the Company pursuant to a service contract.

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 and development stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned development of the Bandeira property, to continue exploration and evaluation and to pay for administrative costs, the Company must raise additional amounts.

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three months ended March 31, 2025 and 2024.

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 recorded at fair value fall under level 1.

The Company's financial instruments include cash and cash equivalents, and accounts payable and accrued liabilities whose carrying values reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. Management believes the carrying value of lease liabilities approximate fair value. The Company's royalty-based obligations are recognized at amortized cost, which management believes approximates fair value.

15. FINANCIAL INSTRUMENTS (Continued)

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

(a) *Credit risk*

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

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

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

(b) *Currency risk*

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

As at March 31, 2025, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

March 31, 2025	**Brazilian reals**	**US dollars**
Cash	$ 2,040,077	$ 17,193,981
Accounts payable and accrued liabilities	(1,897,513)	(3,606,054)
Lease liabilities	(268,741)	-
Royalty-based obligations	-	(31,565,782)
	$ (126,176)	$ (17,977,855)

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately $13,000 (March 31, 2024 - $62,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately $899,000 (March 31, 2024 - $207,000).

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2025, the Company had a cash and cash equivalents balance of $19,361,709 (December 31, 2024 - $23,756,282) to settle current liabilities of $6,781,561 (December 31, 2024 - $5,794,327). Of the current liabilities, approximately $5,800,000 have contractual maturities of less than 30 days and are subject to normal trade terms.

Expressed in Canadian Dollars

15. FINANCIAL INSTRUMENTS (Continued)

(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.

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 three months ended March 31, 2025 and 2024, the remuneration of directors and other key management personnel is as follows:

	Three months ended March 31,	
	2025	2024
Management and Consulting fees	$1,035,085	$ 768,701
Share-based compensation	-	-
Total	**$1,035,085**	**$ 768,701**

As at March 31, 2025, an amount of approximately $665,000 (December 31, 2024 - $571,000), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. This includes some unbilled bonuses from 2024. Such amounts are unsecured and non-interest bearing. As well, related to the Neolit acquisition, an amount of US$1,500,000 ($2,156,400) plus accrued interest of approximately $126,000 is owed to an officer of the Company.

During the three months ended March 31, 2025, the Company paid $74,000 (March 31, 2024: $30,000) to Troilus Gold Corp. for office space, administrative services and reimbursable costs. As at March 31, 2025, a balance of $nil (December 31, 2024: $24,860) is payable to Troilus Gold Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Gold Corp, and Mr. Ian Pritchard, a director of the Company, is an officer of Troilus Gold Corp.

Also during the three months ended March 31, 2025, the Company paid $10,248 (March 31, 2024: $15,651) to Falcon Metais Ltda. for various administrative services. As at March 31, 2025, a balance of $nil (December 31, 2024: $nil) is payable to Falcon Metais Ltda., while a balance of $895 (December 31, 2024: $2,331) is recorded as prepaid expense. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda.

During 2023, the Company entered into an agreement with Valitar, an entity controlled by the Company and in which Mr. Helio Diniz indirectly owns a 90% interest and of which he is an officer, for a non-revolving credit facility of R$10,000,000 ($2,752,000), with the full facility drawn down at March 31, 2025. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. The facility is repayable in full on June 2, 2026 and carries an interest rate of 1% per annum. It is anticipated that Valitar will authorize MGLIT to perform mineral activities on its properties and upon commencement of production, MGLIT will pay royalties to Valitar. The loan facility has been eliminated on consolidation.

Expressed in Canadian Dollars

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 March 31, 2025:

March 31, 2025		Brazil	Cayman Islands		Canada		Total
Cash and cash equivalents	$	2,040,077	$16,684,851	$	636,781	$	19,361,709
Amounts receivable		-	113,619		238,061		351,680
Prepaid expenses		263,263	17,941		326,922		608,126
Property development costs		7,706,143	4,486,765		-		12,192,908
Property and equipment		796,087	-		-		796,087
Total Assets	**$**	**10,805,570**	**$21,303,176**	**$**	**1,201,764**	**$**	**33,310,510**

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.

Legal proceedings with respect to property rights

The Company, through its subsidiary MGLIT, is contesting a decision by the Agência Nacional de Mineração ("ANM") which reduced the area of one of its Bandeira claims. The Company has filed a lawsuit seeking to invalidate ANM's decision. The court granted an interlocutory relief suspending its effects. In compliance with the court order, ANM reincorporated the reduced area into MGLIT's claim and restored its original extension. The lawsuit is currently at the stage of production of evidence.

General

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

Management Contracts

The Company is party to certain management contracts. As of March 31, 2025, these contracts require payments of approximately $8,285,000 (December 31, 2024 - $9,850,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately $2,593,000 (December 31, 2024 - $2,770,000) pursuant to the terms of these contracts as of March 31, 2025. As a triggering event has not taken place on March 31, 2025, these amounts have not been recorded in these consolidated financial statements.

Other

Subject to the agreement to acquire mineral claims from Mineracao Borges Ltda. in December 2022, upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li_2O content over 1.3% by June 21, 2025, the Company shall pay an additional R$14,950,000. As at March 31, 2025, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

18. COMMITMENTS AND CONTINGENCIES (continued)

In connection with the Company's agreement to acquire a 100% interest in the Vale Litio claims, the Company is scheduled to pay R$125,000 on July 20, 2025, R$125,000 on January 20, 2026, R$125,000 on July 20, 2026 and R$29,450,000 on or before January 20, 2027 to acquire the remaining 92.45% interest. As well, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale claims of at least six million tonnes with an average content greater than 1.3% Li2O, the Company shall pay Exotic a cash bonus of R$10,000,000. If the Company terminates this agreement, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claims area by January 20, 2027 or pay a fine of R$5,000,000. This drilling obligation is waived if the acquisition is completed.

Subject to the agreement with Clesio, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li2O by August 13, 2025, the Company shall pay Clesio a cash bonus of USD$1,000,000. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least five million tonnes with an average content greater than 1.3% Li2O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD$1,000,000. As at March 31, 2025, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

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

See Notes 1, 7 and 9.

19. SUBSEQUENT EVENTS

In April 2025, US$1,000,000 (approximately $1,421,600) was paid to complete the acquisition of the Salinas properties.