



Lithium Ionic Corp.

Consolidated Financial Statements

**For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)**

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Lithium Ionic Corp.

Opinion

We have audited the consolidated financial statements of Lithium Ionic Corp. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial statements in Canada, and 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.

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has an accumulated deficit of \$119,617,404 and the need for equity financing for working capital and exploration and development of its properties. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was 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 this matter.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Royalty-Based Obligation – Refer to note 3,4 and 11 in the financial statements

Key Audit Matter Description

On July 18, 2024, the Company executed a definitive royalty agreement with Appian Capital Advisory LLP ("Appian") (the "Royalty Transaction"). The Company, through its subsidiary, Lithium Ionic Bandeira Corp., granted an affiliate of Appian a gross revenue royalty on the Bandeira Lithium Project in exchange for upfront consideration.

To determine the accounting treatment of the Royalty Transaction, management was required to make significant judgements and as such, auditing the accounting treatment required complex analysis and consideration which resulted in an increased extent of audit effort, including the need to involve technical accounting specialists.

How the Key Audit Matter was Addressed in the Audit

With the assistance of technical accounting specialists, our audit procedures related to management's determination of the accounting treatment of the Royalty Transaction included the following, among others:

- Assessing the information in the Royalty Transaction agreement to evaluate that all relevant matters in the agreement have been considered.
- Evaluating management's determination of the accounting treatment of the Royalty Transaction by analyzing specific facts and circumstances against relevant accounting guidance.

Other Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 to 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 risk 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 on the audit resulting in this independent auditor's report is Paul Gortnar.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 28, 2025

Lithium Ionic Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at:	Note	December 31, 2024	December 31, 2023
ASSETS			
Current			
Cash and cash equivalents	6	\$ 23,756,282	\$ 11,167,803
Amounts receivable		574,742	336,155
Prepaid expenses		489,108	511,679
Total current assets		24,820,132	12,015,637
Long-term			
Project development costs	7	7,083,245	-
Property and equipment	8	770,806	1,184,553
Total assets		\$ 32,674,183	\$ 13,200,190
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	18	\$ 5,635,904	\$ 4,526,494
Short-term lease liabilities	9	158,423	256,168
Total current liabilities		5,794,327	4,782,662
Long-term			
Long-term lease liabilities	9	52,592	238,872
Royalty-based obligations	11	29,883,715	-
Total liabilities		35,730,634	5,021,534
SHAREHOLDERS' EQUITY			
Common shares	14	101,757,300	86,507,486
Warrant reserve	15	4,841,022	3,302,389
Option reserve	15	9,956,439	9,585,689
Accumulated other comprehensive loss		6,192	-
Accumulated deficit		(119,617,404)	(91,216,908)
Total shareholders' equity		(3,056,451)	8,178,656
Total liabilities and shareholders' equity		\$ 32,674,183	\$ 13,200,190
Nature of operations and going concern	1		
Commitments and contingencies	20		
Subsequent events	22		

Approved on behalf of the Board of Directors:

Signed: Michael Shuh, Director

Signed: Lawrence Guy, 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	Years ended December 31,	
		2024	2023
Expenses			
Exploration and evaluation expenses	5, 12, 13	\$ 18,345,531	\$ 53,990,151
Consulting and management fees	18	5,398,620	4,650,420
Shareholder communications		918,908	991,855
Professional fees		2,257,198	1,174,246
Office and general		966,568	697,433
Depreciation	7, 8	357,167	305,250
Share-based compensation	15	612,300	3,008,710
(Loss) for the period before other items		\$ (28,856,292)	\$ (64,818,065)
Other items			
Interest income		341,332	819,940
Interest and financing fees	5, 10	(106,960)	-
Lease accretion expense	7, 9	(27,515)	(34,606)
Gain on sale of asset	8	9,291	-
Lease extinguishment		-	(858)
Foreign exchange (loss)		(551,834)	(290,574)
Net (loss) for the year		\$ (29,191,978)	\$ (64,324,163)
Items that may be subsequently reclassified to net income (loss):			
Foreign currency translation adjustment of subsidiary		\$ 6,192	
Net comprehensive (loss) for the year		\$ (29,185,786)	\$ (64,324,163)
Basic and diluted (loss) per share		\$ (0.19)	\$ (0.50)
Weighted average number of common shares outstanding			
Basic and diluted		149,762,549	128,058,101

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	Accumulated Other Comprehensive Loss	Deficit	Shareholders' equity
Balance, December 31, 2022	117,079,355	\$ 49,711,875	4,208,449	\$ 1,000,896	11,577,000	\$ 6,773,242	\$ -	\$ (26,904,752)	\$ 30,581,261
Bought deal private placement	13,690,635	28,750,334	-	-	-	-	-	-	28,750,334
Share issue costs - broker warrants	-	(1,017,762)	821,438	1,017,762	-	-	-	-	-
Share issue costs	-	(1,972,250)	-	-	-	-	-	-	(1,972,250)
Acquisition of Neolit Minerals Participacoes Ltda.	4,000,000	9,000,000	1,500,000	1,702,500	-	-	-	-	10,702,500
Share-based compensation	-	-	-	-	2,490,000	3,008,710	-	-	3,008,710
Options exercise	270,000	508,271	-	-	(270,000)	(184,271)	-	-	324,000
Warrants exercise	3,145,564	1,527,018	(3,144,811)	(418,754)	-	-	-	-	1,108,264
Expiry of warrants	-	-	(170)	(15)	(15,000)	(11,992)	-	12,007	-
Loss and comprehensive loss for the year	-	-	-	-	-	-	-	(64,324,163)	(64,324,163)
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
Private placement unit financing	17,769,778	15,992,800	-	-	-	-	-	-	15,992,800
Value of warrants on unit financing	-	(2,007,994)	8,884,888	2,007,994	-	-	-	-	-
Share issue costs	-	(741,099)	-	-	-	-	-	-	(741,099)
Finder's warrants on unit financing	-	(112,766)	569,527	112,766	-	-	-	-	-
Shares issued for property acquisition	2,500,000	2,000,000	-	-	-	-	-	-	2,000,000
Exercise of warrants	123,826	118,873	(123,826)	(32,195)	-	-	-	-	86,678
Expiry of warrants	-	-	(939,642)	(549,932)	-	-	-	549,932	-
Share-based compensation	-	-	-	-	1,570,000	612,300	-	-	612,300
Expiry of options	-	-	-	-	(225,000)	(241,550)	-	241,550	-
Loss for the year	-	-	-	-	-	-	-	(29,191,978)	(29,191,978)
Other comprehensive loss for the year	-	-	-	-	-	-	6,192	-	6,192
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)

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

Lithium Ionic Corp.

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

		Years ended December 31,	
	Note	2024	2023
Cash (used in)/provided by:			
Operating activities			
(Loss) for the year		(29,191,978)	\$ (64,324,163)
Items not involving cash:			
Depreciation	7, 8	357,167	305,250
Lease accretion expense	9	27,515	34,606
Loss on lease extinguishment		-	858
Gain on sale of asset	8	(9,291)	-
Property acquisition costs	5	6,115,175	19,236,896
Share-based compensation	15	612,300	3,008,710
Foreign exchange		147,787	20,766
Changes in non cash working capital:			
Amounts receivable		(238,587)	239,958
Prepaid expenses		22,571	(79,005)
Accounts payable and accrued liabilities		1,109,410	(3,354,068)
Net cash (used in) operating activities		(21,047,931)	(44,910,192)
Investing activities			
Redemption of GICs		-	10,000,000
Property acquisition costs	5	(4,115,175)	(2,887,973)
Cash acquired from acquisition	5	-	142,469
Capitalized project development costs	7	(4,324,245)	-
Cash acquired from disposal of asset		23,852	-
Purchase of equipment	8	(46,317)	(654,087)
Net cash (used in)/provided by investing activities		(8,461,885)	6,600,409
Financing activities			
Proceeds from private placement	14	15,992,800	28,750,334
Cost of issue	14	(741,099)	(1,972,250)
Proceeds from royalty arrangement	11	27,454,000	-
Transaction costs on royalty arrangement	11	(1,478,899)	-
Options exercised	14	-	324,000
Warrants exercised	14	86,678	1,108,264
Short-term promissory note	10	600,000	-
Repayment of short-term promissory note	10	(600,000)	-
Payments on lease liability	9	(286,536)	(225,550)
Net cash provided by financing activities		41,026,944	27,984,798
Effect of exchange rate changes on cash held in foreign currency		1,071,351	-
Change in cash and cash equivalents		12,588,479	(10,324,985)
Cash and cash equivalents, beginning of the year		11,167,803	21,492,788
Cash and cash equivalents, end of the year		23,756,282	\$ 11,167,803
SUPPLEMENTAL INFORMATION			
Value of common shares issued in acquisition	5	2,000,000	\$ 9,000,000
Value of warrants issued in acquisition	5	-	1,702,500
Value of broker warrants issued	15	112,766	1,017,762
Equipment acquired through leases	8, 9	15,932	438,512
Capitalized depreciation and accretion	7, 8	111,312	-
Capitalized accretion on royalty obligation	7, 11	2,647,688	-

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

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

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 (Note 4), 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 December 31, 2024, the Company had current assets of \$24,820,132 and current liabilities of \$5,794,327 (December 31, 2023 - \$12,015,637 and \$4,782,662 respectively) and an accumulated deficit of \$119,617,404 (December 31, 2023 - \$91,216,908). 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). 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. 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 year ended December 31, 2024 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 23, 2024.

3. MATERIAL ACCOUNTING POLICIES

Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

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 and for which are subject to insignificant risk of changes in value.

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 years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

3. MATERIAL ACCOUNTING POLICIES (continued)

Business Combinations and Asset Acquisitions

Should the Company make an acquisition, it first determines whether the assets acquired and liabilities assumed constitute a business, in which case the acquisition requires accounting as a business combination. Management applies judgement in determining whether the acquiree is capable of being conducted and managed for the purpose of providing a return, considering the inputs of the acquiree and processes applied to those inputs that have the ability to create outputs.

If the Company determines the acquisition is not a business combination but an acquisition of an asset or group of assets, the Company identifies and recognizes the individual identifiable assets acquired and liabilities assumed. The cost of the group is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill.

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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

3. MATERIAL 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 elected 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.

Royalty Obligation

The Company concluded that the royalty to Appian Capital Advisory LLP ("Appian") is a financial liability (Note 11). The financial liability is recorded at fair value at inception and subsequently accounted for at amortized cost using the effective interest rate method. In order to calculate the effective interest rate, the Company forecasted expected timing and amount of cash flows based on management's best estimate. Subsequent revisions to the estimated timing and amounts will be recorded in profit or loss, with the effective interest rate kept constant. The Company capitalized transaction costs related to the financial liability.

The Company also determined that the buy-back option is an embedded derivative that should be bifurcated from the host debt contract, and subsequently this derivative will be accounted for at fair value through profit or loss.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

3. MATERIAL ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures

The Company expenses all 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	lesser of useful life or term of lease

Leases and right-of-use assets

IFRS 16, Leases 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. On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee; the carrying value of the lease for renewal options that are reasonably certain to be exercised; 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 years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

3. MATERIAL 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.

If the Company revises its estimate of the term of any lease resulting from a change in circumstance, 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

An entity's functional currency is the currency of the primary economic environment in which it operates. Where there is a change in events or conditions used in the initial determination of the functional currency, management reconsiders its determination.

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.

As the functional currency of Lithium Ionic Bandeira Corp. is the United States dollar and the presentation currency of these consolidated financial statements is the Canadian dollar, the assets and liabilities of Lithium Ionic Bandeira Corp. are translated at the period's closing rate, income and expenses are translated at average rates and the resulting exchange differences are recognized in other comprehensive loss.

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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

3. MATERIAL ACCOUNTING POLICIES (continued)

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.

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, 2024 and 2023.

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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

3. MATERIAL 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, 2024 and 2023.

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, 2024. The Company adopted such changes without any material impact to the consolidated financial statements. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

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

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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

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.

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 10) 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Classification of royalty as a royalty-based obligation

Significant judgment is required in determining the appropriate accounting treatment for the Appian royalty arrangement (Note 10). Judgement is 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 has 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.

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 20.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

5. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA

During the prior year, in March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"). The founder and CEO of Neolit, Dr. André Guimarães, joined the Company as VP Business Development. Pursuant to the purchase agreement, the Company paid a cash payment of US\$2,031,005 (\$2,804,208) on closing, as well as a cash payment of US\$2,570,767 (\$3,549,458) to settle all existing liabilities of Neolit on closing. As well, the Company issued 4,000,000 common shares of the Company and 1,500,000 common share purchase warrants. These warrants are exercisable at a price of \$2.25 for a period of three years and only vest if the Company establishes an independent National Instrument ("NI") 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li₂O. A final cash payment of US\$1,500,000 (\$2,158,350) was due September 10, 2024. This amount is outstanding, accrues interest at prime plus 5% and continues to be recorded in accounts payable and accrued liabilities on the consolidated statements of financial position as at December 31, 2024.

The Company assessed the acquisition and determined it to be an asset acquisition for accounting purposes, as the requirements of IFRS 3, Business Combinations, were not met. The purchase price in excess of the net assets acquired was allocated to property acquisition costs under exploration and evaluation expenses on the statement of loss and comprehensive loss.

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

The fair value of the 4,000,000 shares of the Company was \$2.25 per share which was the fair market value based on the quoted market value of the Company's shares on the acquisition date. The value of the warrants was estimated using the Black-Scholes model with the following assumptions: share price of \$2.35; expected dividend yield of 0%; expected volatility of 73.57%; risk-free interest rate of 3.69% and an expected life of 3 years.

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

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

5. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA (continued)

Neolit earned into an 85% interest in certain Salinas properties since the initial acquisition. During the current year, in June 2024, Neolit completed the acquisition of the remaining 15% interest for consideration of:

- a cash payment of US\$2,000,000 (\$2,736,200)
- the issuance of 2,500,000 common shares of the Company, which were valued at \$2,000,000, being the fair market value of the Company's shares on the date of acquisition
- a future cash payment of US\$1,000,000 (approximately \$1,438,900) due by April 4, 2025.

In line with the original Neolit acquisition costs, which were accounted for as an asset acquisition and expensed in accordance with the Company's accounting policy, a total of \$6,115,175 was expensed to exploration and evaluation expenses on the statements of loss and comprehensive loss for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	December 31, 2024	December 31, 2023
Cash	\$ 5,018,118	\$ 2,667,803
Guaranteed investment certificate ("GIC"), bearing a variable interest rate (5.2% at December 31, 2023), redeemable and maturing August 3, 2024	-	8,500,000
Term deposit, bearing an interest rate of 4.1%, maturing February 24, 2025	4,349,164	-
Term deposit, bearing an interest rate of 4.4%, maturing January 24, 2025	14,389,000	-
Cash and cash equivalents	23,756,282	11,167,803

The Company has deposited funds in higher interest-bearing accounts as term deposits. Interest accrued at December 31, 2024 totalling \$123,030 is recorded as amounts receivable.

7. 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. As a result, \$7,083,245 in development costs were capitalized for the year ended December 31, 2024 including accretion of the royalty obligation of \$2,647,688, depreciation of property and equipment of \$104,268 and lease accretion of \$7,044. 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

8. 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	Land	Right-of-Use assets	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
As at December 31, 2022	41,475	6,865	117,270	22,498	-	190,787	378,895
Acquired through Neolit transaction	3,963	4,042	86,630	-	-	-	94,636
Additions	164,463	10,099	-	208,157	271,368	438,512	1,092,599
Lease extinguishment (Note 10)	-	-	-	-	-	(32,397)	(32,397)
As at December 31, 2023	209,901	21,006	203,900	230,655	271,368	596,902	1,533,733
Additions	34,786	11,996	-	-	-	15,467	62,249
Disposal	-	-	(36,402)	(209,579)	-	-	(245,981)
As at December 31, 2024	244,687	33,002	167,498	21,076	271,368	612,369	1,350,001
Accumulated Depreciation							
As at December 31, 2022	(1,694)	(339)	(7,818)	(1,875)	-	(21,427)	(33,153)
Acquired through Neolit transaction	(186)	(21)	(21,245)	-	-	-	(21,452)
Depreciation	(16,965)	(1,325)	(31,171)	(89,951)	-	(165,838)	(305,250)
Lease extinguishment (Note 10)	-	-	-	-	-	10,675	10,675
As at December 31, 2023	(18,845)	(1,685)	(60,234)	(91,826)	-	(176,590)	(349,180)
Depreciation	(30,805)	(2,729)	(38,960)	(138,829)	-	(250,112)	(461,435)
Disposal	-	-	21,841	209,579	-	-	231,420
As at December 31, 2024	(49,650)	(4,414)	(77,353)	(21,076)	-	(426,702)	(579,195)
Net book value as at December 31, 2023	191,056	19,321	143,666	138,829	271,368	420,312	1,184,553
Net book value as at December 31, 2024	195,037	28,588	90,145	-	271,368	185,667	770,806

The Company disposed of a vehicle during the year ended December 31, 2024 resulting in a gain on sale of asset of \$9,291.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

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9. LEASE LIABILITY

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

As at	December 31, 2024	December 31, 2023
Opening balance:	\$ 495,040	\$ 247,570
Adjustments to lease acquisition	15,932	438,512
Lease accretion	34,559	34,606
Lease payments	(286,536)	(225,615)
Lease extinguishment	-	(21,601)
Foreign exchange	(47,980)	21,568
Balance at period end:	\$ 211,015	\$ 495,040
Current portion of lease liability	\$ 158,423	\$ 256,168
Long-term portion of lease liability	\$ 52,592	\$ 238,872

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 with some of these contracts expiring in December 2024.

Monthly rent payments for the Company's right-of-use agreements total R\$66,433 (\$15,459). An estimated incremental borrowing rate of 7.5% per annum was used.

For the year ended December 31, 2024, the Company allocated \$27,515 in lease accretion to the consolidated statements of loss and comprehensive loss and \$7,044 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	746,949	173,815
Payments due in 1-3 years	234,112	54,478

10. SHORT-TERM PROMISSORY NOTE

In May 2024, the Company borrowed \$600,000 on a short-term basis from a private company. The Company paid interest at a rate of 20% totalling \$10,849 as well as a financing fee of \$25,000 in connection with this promissory note. The promissory note was repaid in full in early June 2024.

11. 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

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11. ROYALTY-BASED OBLIGATIONS (continued)

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 is classified at fair value through profit and loss. The fair value of the buy-back option was 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

As at December 31, 2024, 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.

12. ACQUISITION OF MINING LICENSES

Neolit option agreement

On July 3, 2024, the Company announced that its subsidiary, Neolit, entered into an option agreement with K2 Mineração e Exportação EIRELI, Super Clássico Comércio, Importação e Exportação Ltda. and Minerale 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. As at December 31, 2024, the Company incurred initial expenditures of approximately R\$134,500 (\$31,900) with respect to these properties.

Vale Lítio 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 Lítio Mineração Ltda. ("Vale Lítio"), 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 Lítio 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 Lítio 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 Lítio 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 Lítio 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 Lítio on or before July 29, 2024 (paid July 2024);

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

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12. ACQUISITION OF MINING LICENSES (continued)

- 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 Lítio;
- R\$29,450,000 in cash to acquire the final 90.85% equity ownership in Vale Lítio 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% Li₂O, 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 December 31, 2024, R\$2,450,000 (\$649,341) which represents a 7.55% interest, have been recorded as land acquisition costs in exploration and evaluation expenses (December 31, 2023: R\$1,900,000 (\$500,406) representing a 5.86% interest).

Clesio claims

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, 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% 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 December 31, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

Borges claims

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineracao Borges Ltda. Upon closing, the Company paid R\$500,000 (\$129,133) upon execution of the conveyance documents transferring the claims to MGLIT. The terms of the agreement were amended in February 2024 whereby R\$50,000 (\$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.

13. 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 7). The Company acquired the remaining 15% of the Salinas claims during the year ended December 31, 2024 with a cash payment of US\$2,000,000 (\$2,736,200), the issuance of 2,500,000 common shares of the Company valued at \$2,000,000, which is the fair market value of the shares on the date of issuance, as well as a deferred payment of \$US\$1,000,000 (\$1,368,100) which is due by April 4, 2025 (Note 5). The Company incurred \$10,875 in transaction costs in relation to balance of the acquisition.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

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13. EXPLORATION AND EVALUATION EXPENSES (continued)

Exploration and evaluation expenses are detailed in the following table.

	Years ended December 31,	
	2024	2023
Acquisition of Neolit property (Note 5)	\$ 6,115,175	\$ 19,236,896
Drilling and geophysics	6,600,784	26,099,743
Mining licenses and land acquisition (Note 12)	902,547	2,404,776
Technical reports	2,000,517	2,219,495
Project overhead costs	893,651	1,485,812
Labour	1,182,677	1,045,010
Land management fees, taxes and permits	274,567	933,668
Professional fees	234,112	391,919
Travel, meals and accomodation	141,501	172,832
Total exploration and evaluation expenses	\$ 18,345,531	\$ 53,990,151

14. COMMON SHARES

Authorized

On December 31, 2024, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares	
	outstanding	Amount
Balance, December 31, 2022	117,079,355	\$ 49,711,875
Bought deal private placement	13,690,635	28,750,334
Share issue costs	-	(1,972,250)
Value of broker warrants	-	(1,017,762)
Acquisition of Neolit (Note 5)	4,000,000	9,000,000
Exercise of options	270,000	324,000
Valuation allocation of exercise of options	-	184,271
Exercise of warrants	3,145,564	1,108,264
Valuation allocation of exercise of warrants	-	418,754
Balance, December 31, 2023	138,185,554	\$ 86,507,486
Private placement, units	17,769,778	\$ 15,992,800
Value of warrants on unit financing	-	(2,007,994)
Share issue costs	-	(741,099)
Value of finder's warrants	-	(112,766)
Shares issued on property acquisition (Note 5)	2,500,000	2,000,000
Exercise of warrants	123,826	86,678
Valuation allocation of exercise of warrants	-	32,195
Balance, December 31, 2024	158,579,158	\$ 101,757,300

Lithium Ionic Corp.

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14. COMMON SHARES (continued)

On June 7, 2024, the Company closed a non-brokered private placement offering issuing 17,769,778 units at a price of \$0.90 per unit for gross proceeds of \$15,992,800. Each unit was comprised of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$1.05 until December 7, 2025. The value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend rate: 0%, estimated volatility: 80%, risk-free interest rate: 4.00%, and expected life: 1.5 years. The Company also granted 569,527 finder's warrants which were valued using the Black-Scholes option pricing model with the following assumptions: expected dividend rate: 0%, estimated volatility: 73%, risk-free interest rate: 4.48%, and expected life: 1 year. The Company paid \$741,099 in issue costs including finder's fees, advisory fees, and legal and regulatory costs.

On July 31, 2023, the Company completed an underwritten private placement financing issuing a total of 13,690,635 common shares for gross proceeds of \$28,750,334. These common shares are subject to a four-month hold period. The underwriters received a commission of 6% of the gross proceeds in addition to 821,438 broker warrants. The value of the broker warrants was estimated using the Black-Scholes model with the following assumptions: share price of \$2.59; expected dividend yield of 0%; expected volatility of 70.85%; risk-free interest rate of 4.67% and an expected life of 2 years. Each broker warrant is exercisable into one common share of the Company at an exercise price of \$2.10 with an expiry date of July 31, 2025. Issue costs include the commission as well as legal and regulatory fees amounting in aggregate to \$1,972,250.

15. EQUITY RESERVES

Warrants

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, December 31, 2022	4,208,449	\$ 0.64	\$ 1,000,896
Granted, Neolit acquisition (Note 5)	1,500,000	2.25	1,702,500
Granted, broker warrants	821,438	2.10	1,017,762
Exercised	(3,144,811)	0.35	(418,754)
Expiry	(170)	0.16	(15)
Balance, December 31, 2023	3,384,906	\$ 1.98	\$ 3,302,389
Granted, unit financing (Note 11)	8,884,888	1.05	2,007,994
Granted, finder's warrants (Note 11)	569,527	0.90	112,766
Exercised	(123,826)	0.70	(32,195)
Expiry	(939,642)	0.70	(549,932)
Balance, December 31, 2024	11,775,853	\$ 1.27	\$ 4,841,022

Lithium Ionic Corp.

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15. EQUITY RESERVES (continued)

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

Number of warrants outstanding	Number of warrants exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			\$	\$			Years	
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 December 31, 2024 is 0.92 years (December 31, 2023: 1.58 years).

Stock options

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2022	11,577,000	\$ 1.02	\$ 6,773,242
Granted	2,490,000	1.57	3,008,710
Exercised	(270,000)	1.20	(184,271)
Expired	(15,000)	1.39	(11,992)
Balance, December 31, 2023	13,782,000	\$ 1.11	\$ 9,585,689
Granted	1,570,000	0.90	\$ 612,300
Expired/terminated	(225,000)	1.38	\$ (241,550)
Balance, December 31, 2024	15,127,000	\$ 1.09	\$ 9,956,439

During the year ended December 31, 2024, 1,570,000 stock options were granted to directors, officers, employees and consultants of the Company. An amount of \$612,300 was recorded as share-based compensation for the year ended December 31, 2024 on the statements of loss and comprehensive loss (December 31, 2023: \$3,008,710 on the grant of 2,490,000 options). This value was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend rate: 0%, estimated volatility: 87.18%, risk-free interest rate: 3.40%, and expected life: 5 years.

Lithium Ionic Corp.

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15. EQUITY RESERVES (continued)

Options outstanding as of December 31, 2024 are as follows:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			\$	\$			Years	
6,280,000	6,280,000	20-Apr-22	20-Apr-27	0.70	2,463,644	65%	2.63%	5.00	0%
2,680,000	2,680,000	1-Jun-22	1-Jun-27	1.24	1,891,276	66%	2.86%	5.00	0%
250,000	250,000	13-Jun-22	13-Jun-27	1.06	209,425	66%	3.48%	5.00	0%
150,000	150,000	5-Aug-22	5-Aug-27	1.22	105,750	67%	2.90%	5.00	0%
1,932,000	1,932,000	3-Nov-22	3-Nov-27	1.69	1,906,884	67%	3.59%	5.00	0%
200,000	200,000	27-Feb-23	27-Feb-28	2.89	336,600	66%	3.57%	5.00	0%
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 December 31, 2024, no RSUs or DSUs have been granted.

16. 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.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

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16. CAPITAL MANAGEMENT (continued)

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 years ended December 31, 2024 and 2023.

17. 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.

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.

Lithium Ionic Corp.

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17. FINANCIAL INSTRUMENTS (Continued)

(b) Currency risk

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

As at December 31, 2024, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

December 31, 2024		
	Brazilian reals	US dollars
Cash	\$ 949,169	\$ 22,351,242
Accounts payable and accrued liabilities	(411,005)	(4,071,670)
Lease liabilities	(211,015)	-
Royalty-based obligations	-	(29,883,715)
	\$ 327,149	\$ (11,604,143)

December 31, 2023		
	Brazilian reals	US dollars
Cash	\$ 2,102,232	\$ 5,929
Accounts payable and accrued liabilities	(2,064,822)	(2,055,945)
Lease liabilities	(495,040)	-
	\$ (457,630)	\$ (2,050,016)

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately \$33,000 (December 31, 2023 - \$46,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately \$581,000 (December 31, 2023 - \$102,000).

(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 December 31, 2024, the Company had a cash and cash equivalents balance of \$23,756,282 (December 31, 2023 - \$11,167,803) to settle current liabilities of \$5,794,327 (December 31, 2023 - \$4,782,662). Of the current liabilities, approximately \$3,600,000 have contractual maturities of less than 30 days and are subject to normal trade terms.

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements For the years ended December 31, 2024 and 2023

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17. 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.

18. 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, 2024 and 2023, the remuneration of directors and other key management personnel is as follows:

	Years ended December 31,	
	2024	2023
Management and Consulting fees	\$4,887,881	\$4,294,427
Share-based compensation	423,150	1,883,990
Total	\$5,311,031	\$6,178,417

As at December 31, 2024, an amount of approximately \$571,000 (December 31, 2023 - \$227,800), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. This includes some unbilled bonuses granted upon the successful completion of the Feasibility Study in June 2024. Such amounts are unsecured and non-interest bearing. As well, related to the Neolit acquisition, an amount of US\$1,500,000 (\$2,158,350) is owed to an officer of the Company, this amount being interest bearing (Note 5).

In June 2024, directors and officers subscribed for approximately 655,552 units of the Company in relation to the non-brokered private placement offering (Note 14).

During the year ended December 31, 2024, the Company paid \$154,603 (December 31, 2023: \$67,360) to Troilus Gold Corp. for office space, administrative services and reimbursable costs. As at December 31, 2024, a balance of \$24,860 (December 31, 2023: \$315) is payable to Troilus Gold Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Gold Corp, and Mr. Ian Pritchard, a director of the Company, is an officer of Troilus Gold Corp.

Also during the year ended December 31, 2024, the Company paid \$37,611 (December 31, 2023: \$70,690) to Falcon Metais Ltda. for various administrative services. As at December 31, 2024, a balance of \$nil (December 31, 2023: \$nil) is payable to Falcon Metais Ltda., while a balance of \$2,331 (December 31, 2023: \$1,355) is recorded as prepaid expense. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda.

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Notes to the Consolidated Financial Statements

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18. RELATED PARTY TRANSACTIONS (continued)

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 December 31, 2024. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. The facility is repayable in full on June 2, 2026 and carries an interest rate of 1% per annum. It is anticipated that Valitar will authorize MGLIT to perform mineral activities on its properties and upon commencement of production, MGLIT will pay royalties to Valitar. The loan facility has been eliminated on consolidation.

19. 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, 2024 and 2023:

December 31, 2024	Brazil	Cayman Islands	Canada	Total
Cash and cash equivalents	\$ 949,169	\$22,350,872	\$ 456,241	\$ 23,756,282
Amounts receivable	-	123,030	451,712	574,742
Prepaid expenses	191,363	23,943	273,802	489,108
Property development costs	4,435,557	2,647,688	-	7,083,245
Property and equipment	770,806	-	-	770,806
Total Assets	\$ 6,346,895	\$25,145,533	\$ 1,181,755	\$ 32,674,183
Accounts payable and accrued liabilities	\$ 411,005	23,943	\$ 5,200,956	\$ 5,635,904
Lease liabilities	211,015	-	-	211,015
Royalty-based obligations	-	29,883,715	-	29,883,715
Total Liabilities	\$ 622,020	\$29,907,658	\$ 5,200,956	\$ 35,730,634

December 31, 2023	Brazil	Cayman Islands	Canada	Total
Cash and cash equivalents	\$ 2,102,232	\$ -	\$ 9,065,571	\$ 11,167,803
Amounts receivable	84	-	336,071	336,155
Prepaid expenses	340,943	-	170,736	511,679
Equipment	1,184,553	-	-	1,184,553
Total Assets	\$ 3,627,812	\$ -	\$ 9,572,378	\$ 13,200,190
Accounts payable and accrued liabilities	\$ 2,064,862	\$ -	\$ 2,461,632	\$ 4,526,494
Lease liabilities	495,040	-	-	495,040
Total Liabilities	\$ 2,559,902	\$ -	\$ 2,461,632	\$ 5,021,534

Lithium Ionic Corp.

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20. 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 December 31, 2024, these contracts require payments of approximately \$9,850,000 (December 31, 2023 - \$7,600,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately \$2,770,000 (December 31, 2023 - \$2,410,000) pursuant to the terms of these contracts as of December 31, 2024. As a triggering event has not taken place on December 31, 2024, these amounts have not been recorded in these consolidated financial statements.

Other

Subject to the agreement to acquire mineral claims from Mineracao Borges Ltda. in December 2022, upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li₂O content over 1.3% by June 21, 2025, the Company shall pay an additional R\$14,950,000. As at December 31, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

In connection with the Company's agreement to acquire a 100% interest in the Vale Lítio 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.

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20. COMMITMENTS AND CONTINGENCIES (continued)

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 December 31, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

Subject to the acquisition of Neolit, 1,500,000 warrants 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% Li₂O.

See Notes 1, 5, 9 and 12.

21. INCOME TAX

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% (2021 - 26.5%) were as follows:

	2024	2023
	\$	\$
(Loss) before income taxes	(29,191,978)	(64,324,163)
Expected income tax recovery based on statutory rate	(7,736,000)	(17,046,000)
Adjustment to expected income tax benefit:		
Share-based payments	162,000	797,000
Change in Benefit of tax assets not recognized	7,574,000	16,249,000
Deferred income tax provision (recovery)	-	-

Deferred income taxes

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

	2024	2023
	\$	\$
Non-capital loss carry-forwards - Canada	23,953,000	31,918,000
Share issue costs - Canada	2,717,000	3,018,000
Tax losses - Brazil	49,034,000	38,103,000
Resource properties - Brazil	12,224,000	6,886,000
	87,928,000	79,925,000

Lithium Ionic Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

Expressed in Canadian Dollars

21. INCOME TAX (continued)

In Canada, the Company has approximately \$23,953,000 of non-capital losses expiring between 2041 and 2044. In Brazil, the Company has approximately \$49,034,000 of non-capital losses that carry forward indefinitely.

22. SUBSEQUENT EVENTS

In January 2025, 917,768 RSUs were granted to a supplier of the Company to settle a liability. And in April 2025, 933,277 RSUs were granted to a supplier of the Company pursuant to their service contract.

In March 2025, R\$125,000 (\$30,863) was paid in connection with the amendment to the Exotic agreement to acquire the Vale Lítio claims (Note 12).

In April 2025, US\$1,000,000 (approximately \$1,435,000) was paid to complete the acquisition of the Salinas properties.