Lithium Ionic Corp.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2026
(in Canadian dollars, unless otherwise noted)

Date: November 24, 2026

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Lithium Ionic Corp. (individually or collectively with its subsidiaries, as applicable, "**Lithium Ionic**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the three and nine months ended September 30, 2026. This MD&A should be read in conjunction with the condensed interim consolidated financial statements for the three and nine months ended September 30, 2026 as well as the audited annual consolidated financial statements and MD&A for the year ended December 31, 2025. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. Please refer to Note 3 of the annual audited consolidated financial statements as at and for the year ended December 31, 2025 for disclosure of the Company's material accounting policies.

Additional information about the Company may be found on SEDAR+ at www.sedarplus.ca.

The scientific and technical information in this MD&A has been reviewed and approved by Carlos H.C. Costa, P.Geo. (APGO), a Qualified Person under National Instrument 43-101 ("**NI 43-101**") and an independent consultant to the Company.

The Board of Directors of the Company has reviewed this MD&A and the condensed interim consolidated financial statements for the three and nine months ended September 30, 2026, and the Company's Board of Directors approved these documents on November 24, 2026, prior to their release.

Third Quarter and Subsequent Highlights

- Completed the sale of the Salinas group of lithium properties, including the Baixa Grande deposit, to PLS Brasil Mineração Ltda., a wholly-owned subsidiary of PLS Group Limited ("PLS"), on August 25, 2026, for US$37.5 million: US$30.0 million ($41.5 million) received in cash at closing and US$7.5 million payable on the earlier of a positive final investment decision for PLS' Colina Project and December 31, 2029. The Company retains a royalty of 2.0% of the gross proceeds from the sale of spodumene extracted from the Salinas mineral rights, calculated on a free-on-board Brazilian export port basis, less the costs of transporting the spodumene from the properties to the port of export. The sale provides non-dilutive funding for Bandeira and resulted in a gain on sale of $47.3 million before income tax ($34.3 million net of income tax);
- Net income of $48.8 million ($0.25 per share) for the three months ended September 30, 2026 (2025 – $4.6 million; $0.03 per share) and $36.3 million ($0.18 per share) for the nine months ended September 30, 2026 (2025 – $38,436; $0.00 per share), mainly reflecting the gain on the sale of the Salinas properties and a gain of $18.5 million on remeasurement of the royalty-based obligation on account of updated expected cash flows, partly offset by income tax expense of $13.0 million on the sale of Salinas properties, comprising $10.3 million of current income tax paid in September 2026 and $2.7 million of deferred income tax, and share-based compensation of $2.2 million and $7.6 million for the three and nine months, respectively;
- Cash and cash equivalents of $29.2 million and working capital of $22.3 million at September 30, 2026 (December 31, 2025 – $17.5 million and $14.4 million), after payment in September 2026 of $10.3 million of current Brazilian income tax relating to the sale of the Salinas properties (see Liquidity and Capital Resources);
- Issued requests for quotation on July 8, 2026 to seven contractors for the construction of the two underground mine portals at Bandeira; engineering approximately 75% complete, with the first long-lead order placed in June 2026 for the main substation transformer for R$5.4 million ($1.5 million);

- Spodumene concentrate price (6%, FOB Australia) of US$1,780/t at September 30, 2026, above the Fastmarkets forecast for 2026 used in the 2025 Feasibility Study and well above the US$1,000/t floor price secured under the Company's offtake agreements;
- Completed the Free, Prior and Informed Consultation (FPIC) process with the Baú Quilombola community: at the final consultation meeting held on September 10, 2026, the community approved the Quilombola Component Study (ECQ) and the Quilombola Basic Environmental Plan (PBAQ) without reservations and, subsequent to quarter-end, in October 2026, the National Institute for Colonization and Agrarian Reform (INCRA) issued its technical opinion to the Minas Gerais State Environmental Foundation (FEAM) confirming that the Company had complied with the consultation process (see Project Permitting);
- Waratah Capital Advisors Ltd. withdrew its requisition for a special meeting of shareholders on August 4, 2026 and confirmed its support for all six management nominees; at the annual general and special meeting held on August 18, 2026, shareholders approved all items of business, including the election of all six director nominees, among them new independent directors John Turner and Ernie Ortiz Ortega, and following the meeting John Turner was appointed Chair of the Board;
- Subsequent to quarter-end, on October 27, 2026, the agreement relating to the Company's option to acquire Vale Litio was amended to move the due date of the final instalment of R$29,450,000 ($8.0 million) for the remaining 90.85% interest, and the deadline for the related drilling obligation, from January 20, 2027 to July 20, 2027 (see Mineral Exploration Properties).

Overview and Strategy

Lithium Ionic Corp. is a Canadian lithium development company listed on the TSX Venture Exchange ("TSXV"). The Company is focused on advancing its flagship Bandeira Project, a near-term hard-rock spodumene development in Minas Gerais, Brazil, in a region known as the "Lithium Valley", toward a construction decision and production. Bandeira is in the detailed engineering, permitting and project financing stage, and the Company's objective is to become a low-cost producer of spodumene concentrate for global battery supply chains. The Company complements this strategy with disciplined management of its broader mineral portfolio, including the monetization of non-core assets such as the sale of its Salinas group of lithium properties to PLS completed on August 25, 2026, the net proceeds of which are intended to support early works, procurement and construction readiness at Bandeira and general corporate purposes (see Mineral Exploration Properties).

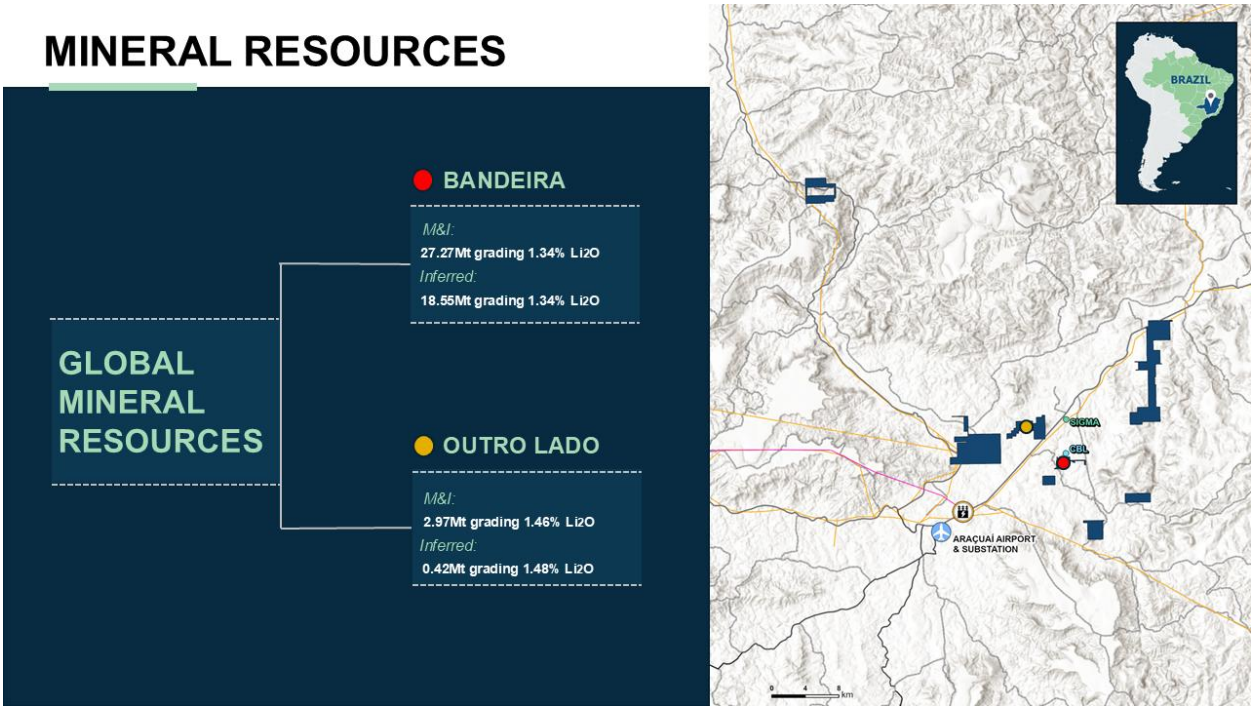
Development is conducted through the Company's wholly owned Brazilian subsidiary, MGLIT Empreendimentos Ltda. ("MGLIT"). The Company also owns a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"), which, with its wholly owned subsidiary Salit Mineração Ltda., held the Salinas properties sold on August 25, 2026, and which holds the royalty retained on that sale. 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. As a result, the Company includes Valitar in its consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements*. The Company owns a 100% interest in Lithium Ionic Bandeira Corp., incorporated in the Cayman Islands.

Summary of Properties and Projects

All properties and tenements held by Lithium Ionic and its subsidiaries are held in Brazil, in the northern portion of Minas Gerais state in the Araçuaí, Itinga and Coronel Murta/Rubelita Municipalities. Through exploration work completed since 2022, the Company maintains two deposits with 30.2 Mt of measured and indicated resources and 19.0 Mt of inferred resources. On August 25, 2026, the Company completed the sale of the Salinas group of properties, as described under Mineral Exploration Properties.

The majority of these resources are located at the Bandeira Project to the east of Araçuaí, with Outro Lado being a small satellite deposit located 7 km to the north of Bandeira. The Bandeira Project is at the detailed engineering phase, with feasibility studies completed in May 2024 and September 2025. Project permitting and financing are underway, supporting the pathway to a final investment decision.

The Salinas group of properties, located 80 km north of Bandeira, was sold on August 25, 2026 and is not included in the resources above. It included the Baixa Grande deposit, with 6.5 Mt of measured and indicated resources and 12.9 Mt of inferred resources (effective December 2, 2024), which was at the initial resource phase with no feasibility study or permitting completed. The deposit lies directly adjacent to the Colina deposit, which PLS acquired from Latin Resources in 2025. See Mineral Exploration Properties.



Definitive Feasibility Study – Bandeira Project

The Company updated its Bandeira Definitive Feasibility Study on September 17, 2025, filing the resulting technical report on October 31, 2025. Please see the Company's press release dated September 17, 2025 on SEDAR+ or the Company's website for further details. The updated Definitive Feasibility Study was conducted in partnership with RTEK International, L&M Assesoria and GE21.

The updated Definitive Feasibility Study builds on the original Definitive Feasibility Study released in May 2024, incorporating a larger mineral resource and updated mine and plant design and estimated lower capital and operating costs compared with the prior study. The processing plant and surface facilities were streamlined using industry-standard equipment and supporting structures designed by international engineering firms. Conservative spodumene price forecasts provided by Fastmarkets were used and royalties, taxes and transportation charges were all included.

in US$

Project Economics	May-24	**Sep-25**
Post - Tax NPV_8	$1.31 billion	**$1.45 billion**
Post - Tax IRR	40%	**61%**
Pre - Tax NPV_8	$1.57 billion	**$1.72 billion**
Pre - Tax IRR	44%	**68%**
Annual Revenue – Life Of Mine ("LOM") Average	$417 million	**$343 million**
Average Annual After-tax Free Cash Flow	$286 million	**$208 million**
Payback	41 months	**26 months**
Production Profile		
Total Project Life (LOM)	14 years	**18.5 years**
Total LOM production (ore mined)	17.2 Mt	**23.2 Mt**
Nominal Plant Capacity	1.3 Mtpa	**1.5 Mtpa**
Average plant throughput	1.23 Mtpa	**1.29 Mtpa**
Total concentrate production (LOM)	2,493 kt SC5.5 (338 kt LCE)	**3,198 kt SC5.2 (411 kt LCE)**
Run-of-Mine grade, Li_2O (mine diluted)	1.16%	**1.10%**
Average Annual Production of Spodumene Concentrate (SC5.5 / SC5.2)	178 ktpa (24.2 ktpa LCE)	**177 ktpa (SC5.2)**
Metallurgical recovery (SC5.5 / SC5.2)	68.9%	**65.3%**
CAPEX AND OPEX		
Initial Capital Costs	$266 million	**$191 million**
Sustaining CAPEX	$81 million	**$100 million**
Operating costs (FOB / t concentrate; SC5.5 / SC5.2)	$444/t	**$378/t**
Economic Assumptions & Parameters		
Spodumene Concentrate Price (5.5% Li_2O; LOM Avg)	$2,277/t	**$2,212/t**
Exchange rate (USD: BRL)	$1.00:$5.07	**$1.00:$5.85**
Discount Rate	8%	**8%**

The updated Bandeira mine plan optimizes the mine schedule with the updated resource estimate to increase early production while reducing estimated capital costs associated with development.

The operating model begins with engaging a proven mining contractor for the initial development phase, transitioning to an owner-operated team to minimize life of mine operating costs. The process plant flowsheet follows design principles used in comparable regional operations, with the objective of supporting operational reliability and consistency. The design remains simple, incorporating crushing, screening, dense media separation (DMS), and dewatering. The modular design approach uses industry-standard equipment pre-assembled on structural steel at an off-site facility, reducing on-site assembly time and costs. In addition, layout optimizations lower capital intensity by minimizing earthworks and civil construction requirements for plant assembly.

Initial capital costs for the Bandeira Project are estimated at US$191 million including contingency, reduced by approximately 28% from the prior study which had a CAPEX of US$266 million. The sustaining capital over the 18.5-year mine life is projected at US$100 million. A breakdown of the estimated capital costs is presented below.

	Cost (US$M)
Mine	59.2
Surface	107.3
Owner's Cost	4.9
Contingency	19.6
Initial CAPEX	**191.0**

The operating costs of the Bandeira Project are estimated to be US$42.35 per tonne of ore processed. Total site operating costs are estimated at US$378 per tonne of 5.2% Li_2O spodumene concentrate produced, placing it competitively among the global lithium industry. A breakdown of the operating costs is presented below.

Operating costs (per tonne of ore processed)	**$42.3/t**
Mining	$26.2/t
Processing	$13.5/t
SG&A	$2.7/t
Operating costs (per tonne of 5.2% Li_2O spodumene concentrate produced)	**$378/t**
Mining	$190/t
Processing and tailings handling	$98/t
SG&A	$19/t
Capitalized mining and underground primary development	$70/t
Other costs	
Transportation costs to customer destination (Project mine site to Shanghai Port, China)	$119/t

Totals may not add due to rounding.

Sensitivity analyses completed as part of the Feasibility Study demonstrate that the Project's value is strongly influenced by the selling price of spodumene concentrate. While capital (CAPEX) and operational (OPEX) costs impact the Net Present Value (NPV), their effects are relatively minor compared to concentrate price fluctuations. Bandeira's economics are sensitive to spodumene concentrate pricing, and higher realized prices, if sustained, would be expected to improve project economics.

The updated Feasibility Study was completed with the support of representatives of experienced consulting groups including RTEK, Promon, AFRY, GE21 and L&M Assesoria.

The complete NI 43-101 technical report associated with the updated Definitive Feasibility Study can be found on SEDAR+ at www.sedarplus.ca under the Company's issuer profile, as well as the Company's website at www.lithiumionic.com.

Project Execution

During the first nine months of 2026, the Company advanced procurement, engineering and site-readiness activities required to support a potential transition from design to execution, including:

- Secured binding offtake agreements, a key enabler of project financing (see Offtake Agreements and Project Financing)
- Continued EPCM progress to approximately 75% completion of total engineering with critical studies complete in mine and geotechnical design
- Placed the order for the main site transformer, the first piece of equipment needed to support site power reticulation for construction and operation
- Secured land lease rights for construction-phase water supply from permitted water abstraction points on the Jequitinhonha River
- Issued requests for quotation to seven contractors for the construction of the two underground mine portals
- Completed a detailed site geotechnical drill program informing underground design and surface infrastructure civils

The project continues to advance into the detailed phase of development with ongoing engineering, de-risking and further supporting the capital cost estimate with updated values from firm bid processes. The team intends to continue to progress engineering to support capital and execution confidence in ongoing financing activities.
In May 2026, the Company initiated mine operations contractor tenders and engaged Hect Consultoria, an experienced Brazilian procurement and contracting specialist, to lead the structuring and bringing-to-market of mine operations and underground development tenders. This tendering process is intended to allow the project team to align with its key mining contractor partner early to resolve any engineering conflicts in the current design prior to completing engineering activities.

Multiple plant utility and site infrastructure equipment packages were also issued to bid supporting the equipment needed to advance the project to the construction phase. In June 2026, the Company placed its first long-lead equipment order at Bandeira, securing the Project's main 138/13.8 kV substation power transformer from Brazilian manufacturer Blutrafos, for an amount of R$5.4 million ($1.5 million). This early procurement is intended to secure a long-lead item for site power reticulation and support the project schedule.

Overall engineering has advanced to approximately 75% completion since the September 2025 Feasibility Study. Geotechnical drilling of 3,217 metres was completed in the project area to support detailed engineering and design. Engineering-completion percentages reflect internal project management estimates and do not represent changes to the Feasibility Study's assumptions, results or conclusions.

Also in June 2026, the Company secured direct access to a construction-phase water source through an 18-month lease agreement for abstraction from the Jequitinhonha River in the municipality of Araçuaí, enabling the Company to exercise its existing water rights under the water-use authorization issued by the Agência Nacional das Águas. The Company completed a detailed three-year mine plan and a refined life of mine plan for Bandeira with NCL Ingeniería y Construcción SpA, supporting the Feasibility Study, and completed basic engineering for the underground mine portals with Tractebel Engineering, enabling portal construction tendering to advance. Tenders were also issued for the Project's main crushing units, with supplier proposals received and under evaluation.

On July 8, 2026, the Company issued requests for quotation to seven contractors for the construction of the two underground mine portals at Bandeira, which will provide surface access to the underground mine for personnel, equipment and development activities. The portal tender forms part of the Company's procurement and contracting program as Bandeira advances toward a construction decision, and the technical and commercial proposals are under evaluation.

Offtake Agreements and Project Financing

On March 25, 2026, the Company entered into binding multi-year offtake agreements with Sichuan Yahua Industrial Group Co., Ltd. and Grand Chen Resources Pte. Ltd., both producers of lithium-ion battery materials. The agreements relate to the supply of high-quality spodumene concentrate from the Company's Bandeira Project.

Under the agreements, the Company will supply a combined 170,000 tonnes per annum of spodumene concentrate for a five-year take-or-pay term. The counterparties are suppliers to major battery and electric-vehicle manufacturers.

The pricing mechanism includes a minimum sales price of US$1,000 per tonne of 6% spodumene concentrate, with no maximum price cap. Prices will be indexed to prevailing market reference prices without discount, providing a minimum reference price under the agreements while preserving exposure to market reference prices above that level.

In conjunction with the execution of the offtake agreements, the Company agreed to receive a combined pre-payment facility of up to US$20 million, subject to execution of definitive agreements on market-standard terms. The facility is intended to support ongoing project development and the advancement of the Bandeira Lithium Project toward construction.

On July 18, 2024, the Company completed a royalty agreement with Appian Capital Advisory LLP ("Appian") which granted an affiliate of Appian a 2.25% gross revenue royalty in exchange for upfront cash consideration of US$20 million ($27.5 million). These proceeds have been used to advance the development of the Bandeira project. The royalty is accounted for as a financial liability at amortized cost and is remeasured at each reporting date based on revised expected future cash flows, using the original discount rate of 22.5%. At September 30, 2026, the royalty-based obligation was remeasured based on updated expected cash flows, which reduced the liability by US$13,051,020 ($18,516,787), recorded as a gain on remeasurement of royalty-based obligations in the three and nine months ended September 30, 2026. The royalty-based obligation was $16,326,954 at September 30, 2026 (December 31, 2025 – $28,483,333), all of which is classified as long-term (see Liquidity and Capital Resources).

On August 25, 2026, the Company completed the sale of its Salinas group of lithium properties to PLS for US$37.5 million, providing non-dilutive funding for the advancement of Bandeira. The Company received US$30.0 million ($41,517,000) in cash at closing and paid Brazilian income tax of $10,300,473 on the sale in September 2026; transaction costs totalled $2,683,697, of which $589,550 was paid by September 30, 2026 and the remaining $2,094,147, which was unpaid at that date, was settled in October 2026. The remaining US$7.5 million, which is non-interest-bearing and guaranteed by PLS Group Limited, is payable on the earlier of a positive final investment decision for PLS' Colina Project and December 31, 2029; it was recognized at its present value of $8,432,631 (US$6,093,382) at closing and was carried at $8,653,450 (US$6,099,133) at September 30, 2026. The proceeds are intended to support early works, procurement and construction readiness at Bandeira and general corporate purposes (see Mineral Exploration Properties and Liquidity and Capital Resources).

The Company continues to discuss other financing opportunities with global and domestic mining financing groups. These initiatives are progressing as the capital cost estimate is firmed and permitting risks are mitigated.

Project Permitting

The Company submitted its application for a Concomitant Environmental License ("LAC", or Licença Ambiental Concomitante) for the Bandeira operation in November 2023 and the application was accepted in January 2024. In October 2024, the application was reoriented to a corrective installation license (LIC – Licença de Instalação Corretiva) and an Operating License (LO – Licença de Operação), to be issued concurrently. The Minas Gerais State Environmental Foundation (FEAM) issued a positive technical endorsement of the project in February 2025. During subsequent review by COPAM (the State Council for Environmental Policy of Minas Gerais), the Federal Public Prosecutors Office (MPF) requested further evaluation of a nearby Quilombola community (the Baú community), and the Company initiated a Free, Prior and Informed Consultation ("FPIC") with the community, under the coordination of the National Institute for Colonization and Agrarian Reform (INCRA), the competent federal agency.

During the third quarter of 2026 (Q3 2026), the Quilombola Component Study (ECQ) and Quilombola Basic Environmental Plan (PBAQ), which document any potential impacts to the community and the corresponding compensation measures, were submitted to INCRA on July 9, 2026, having been finalized in June 2026. INCRA reviewed the documents. On September 10, the final consultation was conducted by INCRA and the ECQ and the PBAQ were approved by the community without reservations. Subsequent to quarter-end, in October 2026, INCRA issued its technical opinion to FEAM confirming that the Company had complied with the FPIC process.

During Q3 2026, in addition to its engagement with the Baú community, the Company completed engagement activities, primarily consisting of stakeholder interviews as part of the development of the Bandeira Project's stakeholder engagement plan and meetings with public officials.

The Company continues to engage with relevant regulatory agencies, community stakeholders and traditional communities through ongoing engagement. The consultation process undertaken at Bandeira reflects the Company's commitment to responsible development and applicable regulatory and consultation requirements. The outcome and timing of the LAC process remain subject to regulatory review and applicable consultation requirements.

Project Outlook and Milestones

With engineering advancing during ongoing permitting activities, the project is proceeding towards the final stages of design and approaching construction. Below is a summary of the near-term objectives identified by the Company as key items before any final investment decision and potential construction start, subject to receipt of the LAC and completion of project financing:

1. **Arrange suitable offtakes covering the initial 5 years of the project to support financing and payback period cashflow. – Complete. See Yahua and** *Grand Chen announcements in March 2026.*

2. **Progress engineering from feasibility study to detailed level, increasing confidence in capital cost estimate** – *In Progress. EPCM teams fully mobilized. Approximately 75% completion on detailed engineering with firm bids supporting the capital cost estimate.*

3. **Receipt of state approval of the LAC and issuance of the LIC and LO required to initiate site construction** – *In Progress.* The FPIC process undertaken to support the COPAM review was completed in September 2026, and in October 2026 INCRA confirmed to FEAM that the Company had complied with it (see Project Permitting). The next step is COPAM consideration of FEAM's recommendation.

4. **Secure project financing for construction** – *In Progress. The US$20 million Appian royalty (July 2024) has funded early development work at Bandeira. The sale of the Salinas properties, completed on August 25, 2026, provided non-dilutive funding of US$30.0 million ($41.5 million) in cash at closing, before Brazilian income tax of $10.3 million paid in September 2026 and transaction costs, with a further US$7.5 million deferred, to fund early works, procurement and long-lead commitments and general corporate purposes (see Offtake Agreements and Project Financing). Discussions are underway with mining focused finance groups for supply of project funding, and the offtakers have agreed to provide a prepayment facility of up to US$20 million, subject to definitive agreements, adding flexibility for project financing and commissioning working capital.*

Ongoing engineering work has not identified changes that management currently expects would materially alter the current Feasibility Study's cost, execution or project strategy assumptions.

The Company's objectives for the remainder of the fourth quarter of 2026, subject to applicable regulatory processes and third-party availability, include:

(i) Continuing to support FEAM and COPAM review of the application for the LAC following completion of the FPIC process;
(ii) Advancing evaluation and potential award of the mine portal development contractor tender;
(iii) Continuing detailed engineering to support updated capital cost estimates and future FID processes;
(iv) Advancing tenders and procurement planning for long-lead items in accordance with the permitting and financing timeline; and
(v) Advancing definitive documentation for elements of proposed construction financing.

Lithium Market Commentary

During the third quarter of 2026, spodumene concentrate (6%, FOB Australia) traded at US$1,780/t as at September 30, 2026, down 23.5% during the quarter, while battery-grade lithium carbonate (EXW China) ended the quarter at RMB127,750/t (US$19,025/t), down 20.8%. Spot spodumene pricing remains above the Fastmarkets forecast for 2026 used in the 2025 Feasibility Study and well above the US$1,000/t floor price secured under the Company's offtake agreements.

Spodumene prices continued to decline after quarter-end: on November 2, 2026, spodumene concentrate (6%, CIF China, a different price basis from the FOB Australia price above) was assessed at US$1,250/t. Benchmark Mineral Intelligence ("Benchmark") attributed the late-quarter decline to a renewed inventory and demand scare that cooled market sentiment, noting that its data showed lithium chemical inventories in China continued to fall during the quarter, and considered at quarter-end that fundamentals did not support the recent bearishness holding to the end of 2026. Some banks are more cautious: Citi has cut its spodumene price forecast to US$1,200/t from US$2,000/t, citing slower battery demand growth and improving supply in 2027, and Goldman Sachs expects the market to move from a deficit in 2026 to a surplus in 2028. Over the longer term, Benchmark forecasts global lithium demand to more than triple, from 2.11 million tonnes of lithium carbonate equivalent ("LCE") in 2026 to approximately 7 million tonnes LCE by 2050, which will require substantial new mine supply. The Company believes long-term demand supports the strategic rationale for Bandeira, but lithium prices are volatile and project economics and financing are sensitive to spodumene concentrate prices. The offtake agreements provide a US$1,000/t minimum reference price for 6% concentrate, subject to their terms. Market prices use different locations, specifications and bases and are not directly comparable with each other, the Feasibility Study assumptions or the contractual floor. (Sources: Benchmark Mineral Intelligence, Q3 2026 Lithium Price Review, October 2, 2026, and "Lithium industry needs the equivalent of 134 new mines by 2050 to meet growing demand", October 22, 2026; Shanghai Metals Market, Spodumene Concentrate 6% Li_2O Index (CIF China), November 2, 2026; Citi, as reported by Bloomberg, November 2, 2026; Goldman Sachs, as reported by Mysteel, October 13, 2026.)

Mineral Exploration Properties

Property	Location	Ownership	Stage	Next key milestones
Bandeira Project	Itinga district, Minas Gerais	100%	Development – detailed engineering and construction readiness	LAC permitting; mining contractor award; project financing and FID
Outro Lado (Galvani)	Itinga district, Minas Gerais	100%	Satellite deposit included in the Bandeira mine plan	Development alongside Bandeira
Borges claims	Itinga district, Minas Gerais	100% (conditional on future payments)	Exploration	MRE milestone under amended agreement (March 5, 2027)
Vale Litio claims	Minas Gerais	9.15% acquired to date (option to 100%)	Exploration – staged acquisition	Option to acquire remaining 90.85% interest (R$29.45 million) by July 20, 2027; otherwise 3,000 m drilling requirement by that date
Salinas group (incl. Baixa Grande)	Salinas, Minas Gerais	Sold August 25, 2026	Divested	US$7.5 million deferred consideration receivable; 2.0% royalty on spodumene sale proceeds retained through Neolit

Itinga Region Properties

Bandeira Project

On December 23, 2020, MGLIT acquired seven mineral licenses from Falcon Metais Ltda. covering more than 1,300 hectares in the prolific Araçuaí lithium province. A portion of the project occurs immediately south of the CBL lithium mine and plant, and immediately north of the large Barreiro and South Xuxa lithium deposits of Sigma Lithium Corp. On May 29, 2024, the Company announced the results from its NI 43-101-compliant Feasibility Study.

On May 6, 2025, the Company reported an updated NI 43-101 Mineral Resource Estimate ("MRE") and on September 17, 2025, the Company reported an updated Feasibility Study for the Bandeira Project. (See Definitive Feasibility Study – Bandeira Project above).

Galvani Mining Licenses (Outro Lado)

In September 2022, the Company completed the acquisition of a 100% ownership interest in two lithium mining licenses (the "**Licenses**") in Minas Gerais, Brazil from Galvani Nordeste Mineração Ltda. ("**Galvani**") through its wholly-owned subsidiary, MGLIT. This includes the Outro Lado Project on which an MRE was reported in June 2023. (See Mineral Resource Estimate below).

The two large Licenses are located approximately 2 km to the west of the large Xuxa lithium deposit of Sigma Lithium and approximately 3 km to the northwest of the CBL lithium mining operation. Following the sale of the Salinas properties on August 25, 2026, Outro Lado is the Company's principal satellite deposit, representing an opportunity to add incremental resources approximately 7 km from the flagship Bandeira project.

Borges claims

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineração Borges Ltda. These claims are located along trend with known lithium deposits including CBL's deposit and Sigma Lithium's Xuxa and Barreiro deposits. Upon closing, the Company paid R$500,000 ($129,133) upon execution of the conveyance documents transferring the claims to MGLIT.

The Company amended this agreement in February 2024 whereby R$50,000 ($13,597) was paid in March 2024 and, upon producing an independent NI 43-101-compliant MRE on the claims of 2 million tonnes of Li_2O content over 1.3% by June 5, 2025, the Company would pay an additional R$14,950,000 (approximately $4.1 million) to the vendor (the "Borges MRE Milestone"). The agreement was further amended in August 2025 to remove two of the three claims from the scope of the transaction, reduce the Borges MRE Milestone to R$7 million ($1.9 million), and extend the deadline to satisfy the milestone to June 5, 2026. On July 2, 2026, the agreement was further amended to reinstate the second mineral claim, extend the deadline to satisfy the Borges MRE Milestone to March 5, 2027 (51 months from the closing date of the agreement), and require the Company to pay R$7 million ($1.9 million) for the original claim and R$3 million ($0.8 million) for the reinstated claim if the applicable independent NI 43-101-compliant MRE is produced by that date. In consideration for these amendments, the Company paid R$50,000 ($13,805) to the vendor. No determination had been made as to whether the milestone had been achieved and no amount had been accrued at September 30, 2026. If a milestone payment is not made, the relevant mineral claim must be returned to the vendor. The Company may terminate this agreement at any time without financial penalty.

Vale Litio claims

In January 2023, the Company, through MGLIT, entered into a binding share purchase agreement with Exotic Mineração Ltda. ("**Exotic**"), pursuant to which MGLIT has the option to acquire up to a 100% equity interest in Vale do Litio Mineração Ltda. ("Vale Litio"). Vale Litio has a 100% beneficial ownership interest in three lithium mining claims in Minas Gerais covering 3,140 hectares. The first of three claims covers 1,738 hectares and is located adjacent to the Galvani target. The other two claims are located in the northeastern portion of the prospective Araçuaí-Itinga Pegmatite region.

Pursuant to the terms of the agreement, in January 2023 the Company acquired an initial 2.78% equity ownership interest in Vale Litio by paying R$900,000 ($232,834) in cash to Exotic. The Company made additional payments since in accordance with the terms of the agreement and amended the agreement in both February 2024 and February 2025:

- R$500,000 ($129,947) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2023 (paid in February 2023);
- R$500,000 ($137,625) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before July 20, 2023 (paid in July 2023);
- R$500,000 ($136,559) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before January 20, 2024 (paid in January 2024);
- R$50,000 ($12,376) in cash to acquire an additional 0.15% equity ownership in Vale Litio on or before July 20, 2024 (paid in July 2024).

The final payment requirements, as amended (most recently on October 27, 2026, subsequent to September 30, 2026), are described below:

- R$500,000 split into four instalments of R$125,000 to be paid on March 5, 2025 ($30,863 paid in March 2025), July 20, 2025 ($31,694 paid in August 2025), January 20, 2026 ($32,150 paid in January 2026) and July 20, 2026 ($34,512 paid in July 2026) to acquire an aggregate 1.6% equity ownership interest in Vale Litio; and
- R$29,450,000 (approximately $8.0 million) in cash to acquire the remaining 90.85% equity ownership in Vale Litio on or before July 20, 2027 (previously January 20, 2027; extended by the October 27, 2026 amendment).

If the Company establishes a NI 43-101-compliant MRE on the Vale Litio Claims of at least six million tonnes with an average content greater than 1.30% Li_2O, the Company shall pay Exotic a cash bonus of R$10 million (approximately $2.7 million). 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 by July 20, 2027 (previously January 20, 2027; extended by the October 27, 2026 amendment) or pay a penalty of R$5,000,000 (approximately $1.4 million). This drilling requirement is waived if the Company completes the acquisition of 100% of Vale Litio.

As of September 30, 2026, the Company had paid R$2,950,000 ($778,560) under the agreement, representing a 9.15% equity ownership interest in Vale Litio (September 30, 2025 – R$2,700,000 ($711,898), representing an 8.35% interest). These amounts have been recorded as land acquisition costs in exploration and evaluation expenses.

Salinas Properties (sold August 25, 2026)

On August 12, 2026, the Company entered into a definitive agreement with PLS Brasil Mineração Ltda. (the "buyer"), a wholly-owned subsidiary of PLS Group Limited ("PLS"), one of the world's largest hard-rock lithium producers, to sell its Salinas group of lithium properties, including the Baixa Grande deposit, comprising ten mineral claims and certain associated assets held through its subsidiaries, Salit Mineração Ltda. and Neolit Minerals Participações Ltda. The sale is for cash consideration of US$37.5 million, of which US$30.0 million was paid at closing and US$7.5 million is payable on the earlier of a positive final investment decision for PLS' Colina Project and December 31, 2029. The Company retains, through Neolit, a royalty of 2.0% of the gross proceeds from the sale of spodumene extracted from the Salinas mineral rights, calculated on a free-on-board Brazilian export port basis, less the costs of transporting the spodumene from the properties to the port of export. The transaction closed on August 25, 2026, and the Company received cash proceeds of US$30.0 million.

The Company recognized the gain on the sale in the three and nine months ended September 30, 2026. The gain and the related income tax were as follows:

Cash proceeds received at closing (US$30,000,000)	$	41,517,000
Deferred consideration, at fair value (US$6,093,382)		8,432,631
Total consideration		49,949,631
Less: carrying amount of the properties sold (a)		-
Less: transaction costs (b)		(2,683,697)
Gain on sale before income tax	**$**	**47,265,934**
Current income tax (paid in September 2026)		(10,300,473)
Deferred income tax (c)		(2,663,851)
Income tax expense		(12,964,324)
Gain on sale, net of income tax	**$**	**34,301,610**
Income tax liabilities at September 30, 2026		
Deferred income tax expense (c)		2,663,851
Foreign exchange to September 30, 2026		28,489
Deferred tax liability, September 30, 2026	**$**	**2,692,340**

(a) The costs of acquiring and exploring the Salinas properties were expensed as incurred, so the carrying amount of the properties sold was nil.
(b) Directly attributable transaction costs comprise the BMO completion fee of US$1,500,000 ($2,075,850), a sale commission of $420,335 and legal fees of $187,512. Of these, $589,550 was paid by September 30, 2026 and $2,094,147 remained unpaid at that date.
(c) Brazilian income tax on deferred consideration is deferred until the amount is received.

The net cash inflow of $40,927,450 (cash proceeds less transaction costs paid) and the income tax paid of $10,300,473 are presented in investing activities in the condensed interim consolidated statement of cash flows.

The deferred consideration, which is non-interest-bearing and guaranteed by PLS, was measured on initial recognition on August 25, 2026 at its fair value of $8,432,631 (US$6,093,382), being the present value of the expected payments discounted at 7.31% (a United States Treasury rate for the expected term plus a credit spread for PLS and a premium for restrictions on transfer of the receivable), and is carried at amortized cost. The discount of US$1,406,618 ($1,946,619 at the August 25, 2026 rate) is recognized as interest income over the expected period to settlement. At September 30, 2026, the receivable is carried at $8,653,450 (US$6,099,133), being its fair value on initial recognition plus interest accretion of $59,651 and a foreign exchange gain of $213,402, less an expected credit loss allowance of $52,234. If an amount becomes due from the sellers for losses under the indemnification provisions of the sale agreement, the agreement permits it to be paid by offsetting it against amounts of the purchase price then outstanding from the buyer to the sellers, which may include the unpaid deferred consideration; such losses may not be offset against amounts due under the royalty agreement (see Commitments and Contingencies).

The royalty, which is payable quarterly under a separate royalty agreement between Neolit and the buyer dated August 21, 2026, is variable consideration for the disposal for accounting purposes, although the sale agreement states that it is not part of the purchase price. It is payable only if spodumene is extracted from the Salinas mineral rights and sold or otherwise disposed of by the buyer, its affiliates or its successors, and the buyer has no obligation to explore, develop or mine the rights; there is no minimum payment and no parent guarantee. At the date of the sale, the Salinas mineral rights were at a pre-operational stage, no pre-feasibility study had been completed for the rights, and no mining concession had been granted. Management concluded that it is not highly probable that a significant reversal of the cumulative consideration included in the gain would not occur if an amount were included for the royalty, so no amount was included in the gain on disposal at August 25, 2026 or at September 30, 2026. Amounts will be recognized in profit or loss when they become highly probable or are received.

The Salinas properties had been acquired through the 2023 acquisition of Neolit. A final acquisition payment of US$1.5 million ($2.1 million), which was due on September 10, 2024 and is owed to an officer of the Company, remained outstanding at September 30, 2026 and at the date of this MD&A. The amount has borne interest since its due date at the Bank of Montreal US dollar prime rate plus 5% per annum, and accrued interest of approximately $0.5 million was owed at September 30, 2026 (see Transactions with Related Parties). The sale is discussed further under "Results of Operations" and "Liquidity and Capital Resources" and in Notes 5, 17 and 20 of the condensed interim consolidated financial statements.

Exploration activity

The Company began drilling select targets in April of 2022, and to date has completed over 81,000 metres of drilling across all of its regional targets (exclusive of the Salinas properties), including 68,203 metres of diamond drilling at Bandeira and Outro Lado, yielding results which were in line with nearby projects and established deposits.

A maiden NI 43-101 MRE was announced for the Bandeira and Galvani deposits in June 2023. In April 2024, the Company completed an updated MRE for the Bandeira deposit, prepared by GE21 Consultoria Mineral Ltda. ("GE21"). In May 2024, the Company announced the results of an NI 43-101-compliant Feasibility Study for Bandeira, prepared by AtkinsRéalis. In May 2025, the Company released an updated MRE for the Bandeira project and in September 2025, an updated Definitive Feasibility Study was reported. Please see Mineral Resource Estimate below and Definitive Feasibility Study – Bandeira Project above.

A summary of exploration activity is presented below:

Itinga (including Bandeira and Outro Lado)

Activity	Accumulated	Comments
Soil Samples	9,442	
Rock Samples	1,028	All Targets
Cut Lines (Km)	93.38	Bandeira and Outro Lado
Geological Mapping (Km)	566	
Geological Mapping Points	6,283	All Targets
Geological Trench Mapping (Km)	14.86	
Geological Garimpos Mapped	572	
Geotechnical Logging	39,266	
Geotechnical Drilling	3,217	SPT, Rotary and Percussion
Ground Geophysics (km)	16.44	
Galvani Diamond Drilling (m)	7,925	64 DDH Completed
Bandeira Diamond Drilling (m)	60,278	297 DDH Completed

Mineral Resource Estimate

On June 27, 2023, the Company announced its maiden NI 43-101-compliant MRE on the Bandeira Project and Outro Lado Project, which was prepared by SGS. The MRE for the Bandeira Project was updated on April 12, 2024 and again on May 6, 2025. This new MRE has been included in the updated Definitive Feasibility Study issued in September 2025.

Mineral Resource Estimate for the Bandeira Project (May 2025)

Deposit / Cut-Off Grade	Category	Tonnes	Grade (% Li_2O)	Contained Li_2O (t)	Contained LCE (t)
Bandeira (0.5% Li O)	Measured	3,360,000	1.38	46,368	114,668
	Indicated	23,910,000	1.33	318,003	786,421
	Measured + Indicated	**27,270,000**	**1.34**	**364,371**	**901,089**
	Inferred	**18,550,000**	**1.34**	**248,570**	**614,714**

1. The Mineral Resource Estimation (MRE) effective date is November 20, 2024.
2. The MRE has been prepared by Carlos J. E. Silva (MAIG #7868) in conformity with the CIM Estimation of Mineral Resource and Mineral Reserves Best Practices guidelines.
3. The report adheres to the Canadian Securities Administrators' NI 43-101 requirements.
4. Mineral resources are not mineral reserves and have not demonstrated economic viability. There is no certainty that any portion of the mineral resource will be converted into a mineral reserve.
5. Figures are rounded to appropriate levels of precision, and discrepancies may occur due to rounding.
6. The spodumene pegmatite domains were modelled using composites with Li_2O grades exceeding 0.3%.
7. Grade estimation was conducted using Ordinary Kriging within Leapfrog software.
8. The MRE is confined to the Lithium Ionic Bandeira Target Claims (ANM) and includes only fresh rock domains.
9. The MRE was constrained by the Reasonable Prospects for Eventual Economic Extraction (RPEEE) using a grade shell with a cut-off of 0.5% Li_2O for underground resources.
10. Inferred mineral resources are conceptual in nature and can only form the basis for economic analyses with further drilling and evaluation.

Mineral Resource Estimate for the Outro Lado Project (June 2023)

Deposit / Cut-Off Grade	Category	Tonnes	Grade (% Li_2O)	Contained Li_2O (t)	Contained LCE (t)
Outro Lado (Galvani)	Measured	2,578,000	1.47	37,897	93,718
Underground (0.8% Li O)	Indicated	393,000	1.43	5,620	13,898
	Measured + Indicated	**2,971,000**	**1.46**	**43,517**	**107,616**
	Inferred	**416,000**	**1.48**	**6,157**	**15,226**

1. The spodumene pegmatite domains were modeled using composites with Li_2O grades greater than 0.3%
2. The mineral resource estimates were prepared in accordance with the CIM Standards, and the CIM Guidelines, using geostatistical and/or classical methods, plus economic and mining parameters appropriate to the deposit.
3. Mineral Resources are not ore reserves and are not demonstrably economically recoverable.
4. Grades reported using dry density.
5. The effective date of the MRE was June 27, 2023.
6. The MRE numbers provided have been rounded to the estimate relative precision. Values cannot be added due to rounding.
7. The MRE is delimited by the Galvani (Outro Lado) claims (ANM).
8. The MRE was estimated using ordinary kriging in 12m x 12m x 4m blocks.
9. The MRE report table was produced in Leapfrog Geo software.
10. The reported MRE only contains fresh rock domains.
11. The MRE was restricted by grade shell using 0.5% Li_2O cut-off.

Sustainability

Throughout 2026, the Company continued strengthening its environmental and social management practices in preparation for the Bandeira Project's transition toward construction, with a focus on management systems and stakeholder engagement. During the third quarter, Lithium Ionic advanced the development of its Environmental and Social Management System ("ESMS"), and the Bandeira Project Stakeholder Engagement Plan, including stakeholder mapping, prioritization, and proposed engagement strategies. Throughout the second and third quarters, the Company worked toward implementing the "Fale com a Gente" channel ("Talk to Us"), an independently managed grievance mechanism providing local communities with a dedicated channel to raise concerns and communicate with the Company. The mechanism was officially launched during the third quarter, supported by formal procedures to ensure confidentiality and non-retaliation. The Company also completed the Free, Prior and Informed Consultation ("FPIC") process in September 2026 and received cultural heritage consent from Brazil's National Institute of Historic and Artistic Heritage ("IPHAN") in August 2026, representing important milestones in the Project's permitting process and ongoing commitment to responsible development and stakeholder engagement.

This commitment to responsible development is also reflected in the design and planning of the Bandeira Project. The Project design incorporates a long-term underground mining strategy intended to reduce surface disturbance, dust and noise, together with an optimized processing flowsheet, water recycling and dry-stacked tailings designed to reduce the Project's environmental footprint and improve water efficiency. Building on these design considerations, during the third quarter, the Company advanced key environmental assessments and initiated the installation of environmental monitoring stations to strengthen environmental oversight and risk management. Together, these initiatives reflect Lithium Ionic's continued focus on integrating environmental considerations into project planning and minimizing potential impacts throughout the life of the Project.

Looking ahead, Lithium Ionic remains focused on strengthening its environmental and social management systems, advancing stakeholder engagement and monitoring programs, and supporting responsible development as the Bandeira Project progresses toward construction.

Liquidity and Capital Resources

As at September 30, 2026, the Company had working capital of $22,252,459 (December 31, 2025 - $14,438,133). Working capital, calculated as current assets less current liabilities, is a non-IFRS performance measure. In the mining industry, it is a common non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

	September 30, 2026	December 31, 2025
Current assets:		
Cash and cash equivalents	$ 29,152,304	$ 17,521,608
Amounts receivable	787,944	435,263
Prepaid expenses	805,451	696,943
	30,745,699	18,653,814
Current liabilities:		
Accounts payable and accrued liabilities	8,276,431	4,101,642
Short-term lease liability	216,809	114,039
	8,493,240	4,215,681
Working capital, current assets less current liabilities	$ 22,252,459	$ 14,438,133

In July 2024, the Company completed a royalty arrangement with Appian for gross proceeds of US$20 million ($27.5 million). Transaction costs totaled $1.5 million. The Company granted Appian a gross revenue royalty of 2.25%, with an option to buy back the royalty within the first 5 years for a payment of US$67.5 million (approximately $95.8 million at the September 30, 2026 exchange rate). The proceeds have been used to advance the development of the Bandeira project. The royalty obligations are secured by charges and share pledges over substantially all current and future assets related to the Bandeira project. The Company classified the royalty arrangement as a liability at amortized cost at September 30, 2026. At September 30, 2026, the royalty-based obligation was remeasured based on updated expected cash flows, which reduced it by $18,516,787 (US$13,051,020) (see Results of Operations). The royalty-based obligation of $16,326,954 (December 31, 2025 - $28,483,333) is recognized as a long-term liability at September 30, 2026, as no royalty payments are anticipated within the next twelve months.

The Company's lease liabilities consist of right-of-use leases for office space, dormitories and warehouses in Brazil, held through its subsidiary MGLIT, and for its corporate offices in Canada, with lease terms ranging from 12 to 117 months. During the nine months ended September 30, 2026, the Company recognized additions to lease liabilities of $1,134,120, of which $886,618 related to a new right-of-use lease for its corporate office in Canada, which has a term of four years and nine months and a five-year renewal option that the Company is reasonably certain to exercise; the remainder related primarily to the renewal of a dormitory lease and a warehouse lease and the extension of another warehouse lease in Brazil. Lease liabilities were $1,176,511 at September 30, 2026 (December 31, 2025 - $143,410), of which $216,809 is current.

Future payments on the Company's right-of-use leases at September 30, 2026 are detailed below:

	Brazil		Canada
Payments due	R$	CAD$	CAD$
Payments due within 1 year	533,884	145,110	162,503
Payments due in 1-3 years	387,110	105,216	270,114
Payments due in 3-5 years	-	-	286,526
Payments due in more than 5 years	-	-	676,995

At September 30, 2026, the Company had current assets of $30,745,699 and current liabilities of $8,493,240 (December 31, 2025 - current assets of $18,653,814 and current liabilities of $4,215,681) and an accumulated deficit of $82,664,896 (December 31, 2025 - $120,633,477). 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. On August 25, 2026, the Company completed the sale of its Salinas group of lithium properties for cash consideration of US$37.5 million, of which US$30.0 million was received at closing; the remaining US$7.5 million is deferred and payable on the earlier of a positive final investment decision for PLS' Colina Project and December 31, 2029, subject to the matters described under Mineral Exploration Properties. The net cash inflow from the sale was $40,927,450 (cash proceeds less transaction costs paid), and Brazilian income tax of $10,300,473 on the sale was paid in September 2026; income tax of $2,692,340 on the deferred consideration is deferred until that consideration is received. The sale is discussed further under Mineral Exploration Properties and in Note 5 of the condensed interim consolidated financial statements.

The Company expects to use its cash for corporate costs, permitting, detailed engineering, project development and contractual commitments. Current cash is insufficient to fund full construction of the Bandeira Project, and construction depends on the Company obtaining additional project financing. Based on current plans and budgets, existing cash is expected to fund planned corporate and project-development activities until the fourth quarter of 2027. Discretionary expenditures may be deferred or reduced, and there can be no assurance that additional financing will be available on acceptable terms or at all.

Results of Operations

Three months ended September 30, 2026

During the three months ended September 30, 2026, the Company recorded net income of $48,824,229 or $0.25 per share, with other comprehensive loss of $162,262, for total comprehensive income of $48,661,967. During the comparative period ended September 30, 2025, net income was $4,627,814 or $0.03 per share and comprehensive income was $4,602,841. During the three and nine months ended September 30, 2026, the Company capitalized expenses related to the Bandeira project, including accretion expense related to the royalty-based obligation. Exploration and evaluation expenses continued to be expensed for the Company's other properties, including the Salinas properties until their sale on August 25, 2026. Exploration and evaluation expenses are presented in the tables below.

	Three months ended September 30,	
	2026	2025
Drilling and geophysics	106,635	150,791
Mining licenses and land acquisition	48,310	35,346
Technical reports	44,754	37,745
Project overhead costs	36,731	74,120
Labour	51,831	626
Land management fees, taxes and permits	6,581	6,918
Professional fees	42,865	7,871
Travel, meals and accommodation	-	277
Total exploration and evaluation expenses	**$ 337,707**	**$ 313,694**

Much of the activity during the three months ended September 30, 2026 was focused on project development at Bandeira. Exploration and evaluation expenses on the Company's other properties were $337,707 (September 30, 2025: $313,694). The Company capitalized $7,299,651 in project development costs during the three months ended September 30, 2026, including $1,881,160 in accretion of royalty-based obligations, $45,369 in depreciation and $4,023 in lease accretion. The Company capitalized $10,710,639 in project development costs during the three months ended September 30, 2025, including $1,917,856 in accretion of royalty-based obligations, $50,076 in depreciation and $5,650 in lease accretion.

Other expenses for the three months ended September 30, 2026 included:

- $936,615 in consulting and management fees (September 30, 2025: $848,428).
- $2,191,406 in share-based compensation (September 30, 2025: $nil).
- $1,144,731 in professional fees (September 30, 2025: $278,623).
- $476,368 in office and general costs (September 30, 2025: $214,815).
- $189,548 in shareholder communications (September 30, 2025: $153,913).

Net income of $48,824,229 for the three months ended September 30, 2026, compared to net income of $4,627,814 in the comparative period, primarily reflects the gain of $47,265,934 on the sale of the Salinas properties and the gain of $18,516,787 on remeasurement of the royalty-based obligation (September 30, 2025: $6,835,212), partly offset by income tax expense of $12,964,324 on the sale of Salinas properties (September 30, 2025: $nil), share-based compensation of $2,191,406, mainly on the January 2026 RSU grants (September 30, 2025: $nil), and higher professional fees, mainly legal fees related to the OSC enforcement matter, the related litigation and the governance response. These items are described below.

On August 25, 2026, the Company completed the sale of its Salinas group of lithium properties to PLS Brasil Mineração Ltda. and recognized a gain on sale of $47.3 million, being total consideration of $49.9 million, comprising cash proceeds of US$30 million ($41.5 million) received at closing and the US$7.5 million deferred consideration recognized at its fair value of $8.4 million (US$6.1 million), less transaction costs of $2.7 million. The carrying amount of the properties sold was nil, as the costs of acquiring and exploring them had been expensed as incurred. No amount was included in the gain for the 2.0% royalty retained by the Company; amounts will be recognized in profit or loss when they become highly probable or are received. The sale is described further under Mineral Exploration Properties and in Note 5 of the condensed interim consolidated financial statements.

Income tax expense of $13.0 million (September 30, 2025: $nil) relates to the sale of the Salinas properties and comprises Brazilian current income tax of $10.3 million, paid in September 2026, and deferred income tax of $2.7 million on the deferred consideration, which becomes payable when that consideration is received. The gain on sale, net of income tax, was $34.3 million.

At September 30, 2026, management remeasured the royalty-based obligation under the Appian royalty based on updated expected future cash flows, using the original discount rate of 22.5%. The remeasurement reduced the liability by $18.5 million (US$13.1 million), which was recorded as a gain on remeasurement of the royalty-based obligation. The gain of $6.8 million recognized in the three months ended September 30, 2025 arose on the remeasurement of the obligation following the updated Feasibility Study reported on September 17, 2025.

Interest income of $538,543 (September 30, 2025: $12,478) was earned mainly on the Salinas sale proceeds invested in Brazil and includes accretion of $59,651 on the deferred consideration receivable. Interest and financing fees of $204,526 (September 30, 2025: $55,852) include interest on the outstanding payment for the Neolit acquisition, which was due in September 2024, and an expected credit loss allowance of $52,234 on the deferred consideration receivable. The foreign exchange gain of $1.0 million (September 30, 2025: loss of $0.3 million) arose mainly on the proceeds of the Salinas properties sale due to the Brazilian real cash proceeds held in Brazil, as the Brazilian real and the US dollar strengthened against the Canadian dollar between the closing of the sale on August 25, 2026 and September 30, 2026.

Nine months ended September 30, 2026

During the nine months ended September 30, 2026, the Company recorded net income of $36,266,081 or $0.18 per share basic and diluted, with other comprehensive income of $244,962, for total comprehensive income of $36,511,043. During the comparative period ended September 30, 2025, net income was $38,436 or $0.00 per share, and comprehensive income was $685.

The Company capitalized $19,997,591 in project development costs during the nine months ended September 30, 2026, including $5,358,732 in accretion of royalty-based obligations, $76,183 in depreciation and $12,525 in lease accretion. The Company capitalized $20,026,276 in project development costs during the nine months ended September 30, 2025, including $5,254,546 in accretion of royalty-based obligations, $138,062 in depreciation and $14,327 in lease accretion. Exploration and evaluation expenses for the nine months ended September 30, 2026 were $1,175,968 (September 30, 2025: $1,148,402) and are presented in the table below.

	Nine months ended September 30,	
	2026	2025
Drilling and geophysics	493,595	519,740
Mining licenses and land acquisition	80,592	134,945
Technical reports	268,816	221,841
Project overhead costs	206,607	173,712
Labour	51,831	2,009
Land management fees, taxes and permits	20,739	34,083
Professional fees	53,788	20,625
Travel, meals and accommodation	-	41,447
Total exploration and evaluation expenses	**$ 1,175,968**	**$ 1,148,402**

Other expenses for the nine months ended September 30, 2026 included:

- $2,850,743 in consulting and management fees (September 30, 2025: $2,926,767).
- $7,589,019 in share-based compensation (September 30, 2025: $830,617).
- $2,557,194 in professional fees (September 30, 2025: $953,427).
- $1,696,250 in office and general costs (September 30, 2025: $823,322).
- $600,197 in shareholder communications (September 30, 2025: $585,174).

Net income of $36,266,081 for the nine months ended September 30, 2026, compared to net income of $38,436 in the prior-year period, primarily reflects the gain of $47,265,934 on the sale of the Salinas properties and the gain of $18,516,787 on remeasurement of the royalty-based obligation (September 30, 2025: $6,835,212), both recognized in the third quarter as described above, partly offset by income tax expense of $12,964,324 on the sale of Salinas properties (September 30, 2025: $nil); share-based compensation of $7.6 million (September 30, 2025: $0.8 million), mainly relating to the stock options and RSUs granted in January 2026; higher professional fees related to the OSC enforcement matter, the related litigation and the governance response; and office and general costs that include approximately $0.6 million of taxes paid in Brazil relating to intercompany funding transactions. The Company also recorded a foreign exchange loss of $161,538 (September 30, 2025: gain of $494,075) and interest income of $579,328 (September 30, 2025: $229,292).

Summary of quarter results

The following table presents selected financial information for each of the most recent eight quarters:

Period	Interest income	Income (Loss)	Other comprehensive income (loss)	Net comprehensive income (loss)	Income (loss) per share, basic and diluted
	$	$	$	$	$
Q3- September 2026	538,543	48,824,229	(162,262)	48,661,967	0.25
Q2- June 2026	8,215	(5,931,618)	288,667	(5,642,951)	(0.03)
Q1- March 2026	32,570	(6,626,530)	118,557	(6,507,973)	(0.03)
Q4- December 2025	57,643	(3,950,758)	(109,324)	(4,060,082)	(0.02)
Q3- September 2025	12,478	4,627,814	(24,973)	4,602,841	0.03
Q2- June 2025	31,069	(1,818,244)	(12,965)	(1,831,209)	(0.01)
Q1- March 2025	185,745	(2,771,134)	187	(2,770,947)	(0.02)
Q4- December 2024	145,812	(2,900,155)	6,192	(2,893,963)	(0.02)

Income/(loss) and comprehensive income/(loss) fluctuates with the level of exploration and corporate activity, share-based compensation, and foreign exchange movements, and can vary period to period. Exploration and evaluation expenditures are expensed as incurred, while development costs relating to the Bandeira project have been capitalized since Q3-2024, which reduced the quarterly losses through 2024 and 2025. The income recognized in Q3-2025 resulted from a gain on remeasurement of the royalty-based obligation following the updated Feasibility Study. The increase in loss in Q1-2026 was due to share-based compensation of $3.2 million relating to the stock options and RSUs granted in January 2026, of which the stock options vested in full on grant, and approximately $0.6 million of Brazilian tax on intercompany funding transactions.

The Q2-2026 loss reflects continued share-based compensation expense of $2.2 million on the January 2026 RSU grants, higher professional fees associated with the regulatory and governance matters, foreign exchange loss and increased exploration expenditures. The decrease from Q1-2026 reflects the non-recurrence of the fully vested stock options charge and the Brazilian tax on intercompany funding transactions.

Net income of $48,824,229 in Q3-2026 resulted from the gain of $47.3 million on the sale of the Salinas properties and the gain of $18.5 million on remeasurement of the royalty-based obligation, partly offset by income tax expense of $13 million on the sale, share-based compensation of $2.2 million on the January 2026 RSU grants and higher professional fees. Interest income of $0.5 million in Q3-2026 was earned mainly on the Salinas sale proceeds invested in Brazil.

Cash flows

Nine months ended September 30, 2026

During the nine months ended September 30, 2026, the Company used cash of $6,977,037 in operating activities (September 30, 2025: $6,351,339). Non-cash working capital provided $1,550,816 during the nine months ended September 30, 2026 (September 30, 2025: used $287,884). The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds, while a decrease in a liability (or an increase in an asset) account is a use of funds.

During the nine months ended September 30, 2026, investing activities provided $16,167,813 in cash (September 30, 2025: used $8,740,455). On the sale of the Salinas properties, the Company received net cash of $40,927,450, being cash proceeds of $41,517,000 (US$30.0 million) less transaction costs paid of $589,550, and paid Brazilian income tax of $10,300,473 on the sale; transaction costs of $2,094,147 remained unpaid at September 30, 2026. The Company capitalized $14,225,293 under development costs for the nine months ended September 30, 2026 (September 30, 2025: $8,724,884). The Company also acquired $233,871 in equipment during the current period (September 30, 2025: $15,571).

During the nine months ended September 30, 2026, cash provided by financing activities was $1,878,199, being proceeds from the exercise of warrants of $2,050,714 less payments on lease liabilities of $172,515 (September 30, 2025: cash provided by financing activities of $12,232,882, being proceeds from a private placement of $12,845,099, less share issue costs of $422,446 and payments on lease liabilities of $189,771).

The effect of exchange rate changes on cash held in foreign currency provided $561,721 in cash, mainly from the strengthening of the Brazilian real on the Salinas sale proceeds held in Brazil (September 30, 2025: used $681,999 in cash). As a result, cash and cash equivalents increased by $11,630,696 during the nine months ended September 30, 2026, to $29,152,304 at September 30, 2026 (December 31, 2025 - $17,521,608).

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, amounts receivable 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 approximates fair value. The Company's royalty-based obligations are recognized at amortized cost, which management believes approximates fair value.

The deferred consideration receivable from the sale of the Salinas properties is carried at amortized cost. Its fair value at September 30, 2026 is estimated at $8,453,110 (US$5,957,929) (Level 3), compared with a net carrying amount of $8,653,450 (US$6,099,133). The fair value is the present value of the expected payments discounted at 8.43%, being a United States Treasury rate for the remaining term plus a credit spread for PLS Group Limited and a premium for restrictions on transfer. The principal unobservable inputs are the credit spread, the expected payment date and the premium. An increase of one percentage point in the discount rate would reduce the fair value by approximately US$153,000 ($217,000). The carrying amount continues to accrete at the effective interest rate of 7.31% determined at initial recognition, which is not updated for later changes in market rates; the fair value is lower than the carrying amount because market rates have increased since August 25, 2026.

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
Other than the deferred consideration receivable described below, the Company is not exposed to significant trade credit risk.

b. Deferred consideration receivable
The deferred consideration receivable exposes the Company to the credit risk of a single counterparty, PLS Brasil Mineração Ltda., whose obligation is guaranteed by PLS Group Limited. At September 30, 2026, the receivable is measured at amortized cost net of a 12-month expected credit loss allowance of $52,234 (US$36,816), estimated using a probability of default of 1%, based on the credit quality of the guarantor, PLS Group Limited, and a loss given default of 60%. Management assessed at September 30, 2026 that the credit risk of the receivable has not increased significantly since initial recognition, having considered the credit quality and liquidity of PLS Group Limited and movements in credit spreads and in its share price, and therefore measures the allowance at 12-month expected credit losses. Amounts that become due from the Company's subsidiaries that sold the properties under the indemnification provisions of the sale agreement may be paid by offsetting them against amounts of the purchase price then outstanding, which may include the unpaid deferred consideration (see Notes 5 and 20 of the condensed interim consolidated financial statements).

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

(b) *Currency risk*

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

As at September 30, 2026, the Company's Canadian dollar functional entities had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

	Brazilian reals	US dollars
Cash	$ 28,256,863	$ 302,763
Deferred consideration receivable	-	8,653,450
Accounts payable and accrued liabilities	(2,399,694)	(5,076,941)
Lease liabilities	(234,146)	-
	$ 25,623,023	$ 3,879,272

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net income and equity by approximately $2,562,000 (September 30, 2025 - $46,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net income and equity by approximately $194,000 (September 30, 2025 - increase (decrease) of $94,000). These exchange differences are recognized in profit or loss, so the effect on equity is the same as the effect on net income.

(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 September 30, 2026, the Company had a cash and cash equivalents balance of $29,152,304 (December 31, 2025 - $17,521,608) to settle current liabilities of $8,493,240 (December 31, 2025 - $4,215,681). Of the current liabilities, approximately $7.6 million have contractual maturities of less than 30 days or are due on demand, including the past-due amount of US$1.5 million owed to an officer of the Company and the interest accrued on it (see "Transactions with Related Parties"); trade payables are subject to normal trade terms.

(d) *Commodity / equity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to lithium, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote at this time as the Company is not a producing entity.

Critical Accounting Policies

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.

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 where use of proceeds is restricted to funding the initial development of the project, and concluded technical feasibility and commercial viability was achieved. As such, effective July 2024, the Company commenced capitalizing development costs related to the Bandeira project.

Impairment of non-financial assets

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

Classification of royalty as a royalty-based obligation

Significant judgment is required in determining the appropriate accounting treatment for the Appian royalty arrangement. Judgment was required to assess whether the arrangement is a financial liability or a sale of a mineral interest. After analyzing the terms of the royalty agreement with Appian, management determined that the royalty should be classified as a financial liability as (a) the royalty obligations are secured by charges and share pledges over substantially all current and future assets relating to the project, (b) a termination amount is payable in the event of default and (c) the arrangement includes a buy-back option. Estimates on expected timing and amount of cash flows are used to determine the value of the liability. These are based on management's estimates of the timing and volume of production and of future spodumene concentrate prices. At September 30, 2026, management revised these estimates, which reduced the liability by $18,516,787 (US$13,051,020), recognized as a gain on remeasurement of royalty-based obligations for the three and nine months ended September 30, 2026 (see Note 9 of the condensed interim consolidated financial statements). Judgment is also used to value the embedded derivative.

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 "Commitments and Contingencies" and "Regulatory Matters and Corporate Governance" below and Note 20 of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2026.

Changes in accounting policies including initial adoption

Certain amendments to existing standards issued by the IASB became mandatory for accounting periods commencing on or after January 1, 2026, including amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments – Disclosures*, which clarify the derecognition of financial liabilities settled through electronic payment systems and the assessment of the contractual cash flow characteristics of financial assets with ESG-linked and other similar contingent features. The adoption of these amendments had no impact on the Company's condensed interim consolidated financial statements.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements* and introduces new categories and required subtotals in the statement of profit or loss, disclosure of management-defined performance measures and 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, with retrospective application required. The Company is currently assessing the detailed implications of applying the new standard on the financial statements. Based on its preliminary assessment, items of income and expenses in the statement of income will be grouped into new categories resulting in new subtotals and/or line items being presented and changes in how certain existing subtotals are calculated; operating profit will be the starting point for determining cash flows from operating activities instead of net income. Refer to Note 3 of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2026.

Commitments and Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment and indigenous groups. These laws and regulations are continually updated and may become more restrictive. Based on currently available information, 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.

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.

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 definitive reincorporation of the reduced area by ANM is conditional on a final decision by the Court. The lawsuit is currently at the stage of production of evidence.

Two suppliers of the Company indicated a specific tax rate for Salit to collect a municipal tax (ISSQN) during 2022/2023. In 2025, the Municipality of Salinas conducted a tax inspection and decided that this rate was inadequate (i.e., less than what was owed), beginning an administrative proceeding seeking to collect the relevant amount. The Company has filed a lawsuit to avoid the filing of a tax foreclosure lawsuit from the Municipality (seeking the collection of the debt and legal fees) since contractually, the responsibility of this payment lies with the two suppliers.

On the sale of the Salinas properties (see Mineral Exploration Properties), the Company's subsidiaries Salit Mineração Ltda. and Neolit Minerals Participações Ltda. (the "sellers") and Lithium Ionic Holdings Corp., the Company's wholly owned subsidiary and guarantor of the sellers' obligations, gave representations and indemnities to PLS Brasil Mineração Ltda. (the "buyer") and its affiliates. Lithium Ionic Holdings Corp. is jointly and severally liable with the sellers for their obligations, and the buyer is not required to claim against the sellers first. The indemnities cover losses arising from inaccurate representations, breach of covenants, claims relating to the assets for events up to closing, liabilities attributed to the buyer by succession or joint liability, fraud, willful misconduct and bad faith, and the cost of re-filing a registration application if the buyer designates another transferee.

Claims for most matters are capped, in aggregate, at 20% of the purchase price effectively paid to the sellers (about US$6.0 million ($8.5 million) on the amount paid at closing, rising to about US$7.5 million ($10.6 million) if the deferred consideration is paid). Claims for breach of the fundamental representations (including corporate existence, authority, validity and enforceability, absence of conflicts, consents, title to the assets and the mineral rights, permits, the status of the mineral rights, and certain social and environmental matters) are capped, in aggregate, at the purchase price effectively paid (about US$30 million ($43 million), rising to about US$37.5 million ($53 million)). Claims arising from fraud, willful misconduct, bad faith or succession liabilities are not capped. Claims may be made for three years (other matters), five years (labour and environmental) or six years (tax) after closing; for environmental and other claims these periods are extended by the time taken to register the transfer of mineral right 830.833/2001, up to twelve months. There is no time limit for breach of fundamental representations or for fraud, willful misconduct and bad faith. A claim notified within the relevant period remains alive until it is resolved.

Where an amount has become due from the sellers for losses under these provisions (for example, after agreement with the sellers, or a final decision or arbitral award), the sale agreement permits payment to be made by offsetting it against amounts of the purchase price then outstanding from the buyer to the sellers, which may include the unpaid deferred consideration. Registration by the ANM of the transfer of the mineral rights is still pending. A refusal could give rise to a claim under the representations on title to and the status of the mineral rights, or for the cost of re-filing the registration. Management has assessed the exposure of the Company and its subsidiaries under these indemnities as a contingent liability. No claim has been notified and management does not consider an outflow of resources to be probable, so no provision has been recognized.

The Company is party to certain management contracts. As of September 30, 2026, these contracts require payments of approximately $5.0 million (December 31, 2025 - $7.4 million) 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 $2.0 million (December 31, 2025 - $2.5 million) pursuant to the terms of these contracts as at September 30, 2026. As a triggering event has not taken place at September 30, 2026, these amounts have not been recorded in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2026. In addition, as at September 30, 2026, the Company is committed under separation arrangements with former directors and a former officer to pay approximately $0.6 million, comprising base fees payable monthly until April 19, 2027 (approximately $0.5 million) and severance payments of $0.1 million payable quarterly from November 2026 to August 2027. These amounts have not been recognized in the condensed interim consolidated financial statements.

Under the agreement with Mineração Borges Ltda., as amended on July 2, 2026 (see Mineral Exploration Properties), the Company must pay R$7 million ($1.9 million) for the original claim and R$3 million ($0.8 million) for the reinstated claim if it produces the applicable independent NI 43-101-compliant MRE of 2 million tonnes of Li_2O content over 1.3% by March 5, 2027. As at September 30, 2026, no determination had been made in this regard, and no amount had been accrued related to this contingent arrangement. If a milestone payment is not made, the relevant mineral claim must be returned to the vendor. The Company may terminate this agreement at any time without financial penalty.

In connection with the Company's option to acquire a 100% interest in Vale Litio, the Company may, at its option, pay R$29,450,000 ($8.0 million) on or before July 20, 2027 (extended from January 20, 2027 by the October 27, 2026 amendment) to acquire the remaining 90.85% interest. The Company must also pay Exotic a cash bonus of R$10 million ($2.7 million) if it establishes an NI 43-101-compliant MRE on the Vale Litio claims of at least six million tonnes with an average content greater than 1.3% Li_2O and, if it does not complete the acquisition, must conduct a minimum of 3,000 metres of diamond drilling by July 20, 2027 or pay a penalty of R$5 million ($1.4 million). The drilling requirement is waived if the acquisition is completed (see Mineral Exploration Properties and Note 21 of the condensed interim consolidated financial statements).

In June 2026, the Company placed its first long-lead equipment order for the Bandeira project, for the supply of the project's main substation power transformer, for an amount of R$5.4 million ($1.5 million).

The Company has terminated the option agreement (the "K2 Option Agreement") originally announced on July 3, 2024, with K2 Mineração e Exportação EIRELI, Super Clássico Comércio, Importação e Exportação Ltda. and Minerales Empreendimentos, Mineração e Participações Ltda., covering certain mineral claims located in Itinga, within the Curralinho Pegmatite Field of the Araçuaí Pegmatite District, Minas Gerais, Brazil.

As part of the termination, Neolit Minerals Participações Ltda., the Company's wholly owned Brazilian subsidiary, is in the process of divesting its minority interests in the special purpose companies ("SPCs") associated with the K2 Option Agreement, completing the Company's withdrawal from the transaction. The decision to terminate the agreement reflects Lithium Ionic's continued focus on disciplined capital allocation and prioritizing its most advanced and value-accretive assets in Brazil's Lithium Valley, including the advancement of the Bandeira Project towards construction.

Transactions with Related Parties

As at September 30, 2026, an amount of approximately $0.3 million (December 31, 2025 - $0.5 million), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. This includes unbilled bonuses from 2024. Such amounts are unsecured and non-interest bearing. As well, related to the Neolit acquisition, an amount of US$1.5 million ($2.1 million), which was due on September 10, 2024 and has borne interest since that date at the Bank of Montreal US dollar prime rate plus 5% per annum, together with accrued interest of approximately $0.5 million, is owed to an officer of the Company. As of the date of this MD&A, the overdue US$1.5 million principal plus accrued interest remains outstanding.

During the three and nine months ended September 30, 2026, the Company paid $nil and $1,125 respectively (September 30, 2025: $30,000 and $134,000 respectively) to Troilus Mining Corp. for office space, administrative services and reimbursable costs. As at September 30, 2026, a balance of $nil (December 31, 2025: $10,744) is payable to Troilus Mining Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a Director of Troilus Mining Corp.

The Company paid $5,537 and $5,537 respectively during the three and nine months ended September 30, 2026 (September 30, 2025: $5,900 and $7,900 respectively) to T & L Consulting for office administrative services. As at September 30, 2026, no amounts were recorded as owing to T & L Consulting. Mr. Tom Olesinski is an owner of T & L Consulting.

Also during the three and nine months ended September 30, 2026, the Company paid approximately $6,700 and $19,800 respectively (September 30, 2025: $6,182 and $23,997 respectively) to Falcon Metais Ltda. for various administrative services. As at September 30, 2026, a balance of $nil (December 31, 2025: $nil) is payable to Falcon Metais Ltda., while a balance of $nil (December 31, 2025: $901) is recorded as prepaid expense. Mr. Helio Diniz is an officer of Falcon Metais Ltda.

During 2023, the Company's subsidiary MGLIT entered into an agreement with Valitar, 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 million ($2.7 million), with the full facility drawn down at September 30, 2026. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. The facility matured on June 2, 2026 and carries an interest rate of 1% per annum, with interest payable at maturity; it had not been repaid at September 30, 2026. The Company has rescheduled the date of repayment to June 2, 2029. 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, in accordance with the applicable legislation. The loan facility has been eliminated on consolidation.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and nine months ended September 30, 2026 and 2025, the remuneration of directors and other key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Management and Consulting fees	$ 811,401	$ 703,796	$ 2,343,726	$ 2,447,334
Share-based compensation	2,020,562	-	5,967,522	-
Total	**$ 2,831,963**	**$ 703,796**	**$ 8,311,248**	**$ 2,447,334**

Remuneration for the three and nine months ended September 30, 2026 includes fees paid or payable to former directors and officers of the Company, both for services up to the dates of their resignations and under the arrangements described under Commitments and Contingencies and Regulatory Matters and Corporate Governance, as well as share-based compensation on restricted share units retained by those individuals.

Off-balance sheet arrangements

As of the date of this MD&A, other than the representations and indemnities given on the sale of the Salinas properties (see Commitments and Contingencies), the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Outstanding Share Data

As at September 30, 2026 and the date of this MD&A, the Company has:

1) 197,301,209 common shares outstanding.
2) 23,811,559 warrants outstanding, with expiry dates ranging from September 29, 2027 to October 2, 2027. If all the warrants were exercised, 23,811,559 shares would be issued for gross proceeds of $21,430,403.
3) 18,077,000 options outstanding, with expiry dates ranging from April 20, 2027 to July 11, 2029. If all the options were exercised, 18,077,000 shares would be issued for gross proceeds of $20,106,880.
4) 10,625,000 RSUs outstanding which vest on dates ranging from January 14, 2027 to January 14, 2029.

REGULATORY MATTERS AND CORPORATE GOVERNANCE

On April 9, 2026, the Ontario Securities Commission (the "OSC") announced enforcement proceedings involving another reporting issuer, Emerita Resources Corp. ("Emerita"), certain of its directors and officers, and an individual related to the alleged misconduct. Certain individuals named in that proceeding have current or former associations with the Company. The proceedings relate to the conduct of certain individuals relating to certain mining claims which form part of its Bandeira Project. The Company is not a respondent in the OSC proceeding, no allegations have been made against the Company, and no orders or remedies have been sought against it. The allegations remain unproven and will be subject to adjudication before the Capital Markets Tribunal, where case management hearings were held on May 8, September 10 and November 5, 2026. A further case management hearing is scheduled for March 31, 2027 and the merits hearing is scheduled to commence on May 3, 2027.

Separately, in connection with the delayed filing of the Company's audited annual financial statements, the Company applied for and was granted a management cease trade order ("MCTO") under National Policy 12-203, effective May 4, 2026, which limited trading restrictions to certain insiders rather than the Company's securities generally. The required filings were subsequently completed and the MCTO was revoked on June 9, 2026.

Based on independent Brazilian legal title opinions and publicly available records maintained by Brazil's National Mining Agency, the Company believes that it holds valid and registered title to its Brazilian mineral claims, subject to the exceptions and pending matters described herein (including the Salinas mineral rights sold on August 25, 2026, the Vale claims held by Vale Litio and Exotic, and the Borges claims, the transfer of which is in progress with ANM and the maintenance of the relevant title is conditional on future payments; see Mineral Exploration Properties), including its 100%-owned Bandeira Lithium Project. These records do not indicate prior ownership by the issuer referenced in the OSC proceeding.

In response to the OSC announcement, the Board of Directors established a Special Committee composed solely of independent directors to oversee the Company's communications, disclosure, and governance response relating to this matter.

On April 20, 2026, Messrs. Gower, Guy and Diniz resigned as directors of the Company, and Damian Lopez resigned as Corporate Secretary. Under arrangements entered into, the Company agreed to pay Messrs. Gower, Guy and Lopez their base fees monthly in arrears for a 12-month period, and Mr. Diniz initially remained in an operational role as Managing Director, Brazil, through an independent contractor services agreement. Mr. Diniz is no longer Managing Director, Brazil, or an officer of the Company, and ceased to be an officer of MGLIT and Neolit on November 9, 2026. These resignations do not constitute, and should not be interpreted as, admission of guilt, liability, or wrongdoing by any individual.

On April 14, 2026, the Company received a requisition from Waratah Capital Advisors Ltd. ("Waratah") requesting that the Board call a special meeting of shareholders. Following engagement with Waratah, Waratah formally withdrew its requisition on August 4, 2026 and confirmed its support for the election of all six management nominees. At the Company's annual general and special meeting held on August 18, 2026, shareholders approved all items of business, including the election of all six director nominees, among them new independent directors John Turner and Ernie Ortiz Ortega (Clovis Torres had also recently joined on June 23, 2026). Following the meeting, John Turner was appointed Chair of the Board, Ian Pritchard Chair of the Compensation Committee and David D'Onofrio remained Chair of the Audit Committee.

Management believes that the actions taken, including Board and officer changes, enhanced governance oversight, and engagement with regulators, demonstrate the Company's commitment to transparency, regulatory compliance, and the protection of shareholder interests.

Although the Company is not a party to the OSC proceedings, the matter could result in increased scrutiny from regulators, investors, and other stakeholders, as well as reputational risk or additional professional fees. There can be no assurance that such indirect effects will not occur. The Company will continue to monitor developments and may update its disclosure as additional information becomes available.

Subsequent to quarter-end, the Company began winding up its engagement with RTEK, which had provided project development and advisory services in connection with the Bandeira Project, and is closing out the remaining services.

Management has determined that, as at September 30, 2026, there is no liability or provision requiring recognition under IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

Statement of claim

On July 29, 2026, Emerita filed a statement of claim in the Ontario Superior Court of Justice relating to certain mining claims, part of which now forms the Company's Bandeira Project. The claim principally concerns allegations against certain former directors and officers of Emerita and of the Company, together with Falcon Metais Ltda., and also names the Company and its subsidiary MGLIT as defendants. Among other things, Emerita claims an equitable interest in the Bandeira Project and a constructive trust over securities of the Company held by the former directors and officers. None of the current directors or officers of the Company are named as defendants, and the allegations have not been proven. The Company believes it is the rightful owner of the Bandeira Project and related assets, and is defending its rights through the court process, as described below. No provision has been recognized in the condensed interim consolidated financial statements in respect of this matter. Given the early stage of the proceedings, it is not practicable to estimate the financial effect, if any, of this claim on the Company.

Subsequent to quarter-end, on November 2, 2026, the Company filed a statement of defence, crossclaim and counterclaim with the Ontario Superior Court of Justice in response to Emerita's claim. The Company denies that Emerita holds any interest in, or entitlement to an interest in, the Bandeira Project and is seeking dismissal of Emerita's claims with costs. The Company's position is that Emerita relinquished any interest in the relevant mineral rights in December 2020 and confirmed that relinquishment in its public disclosure in 2021 and 2022, and that the Bandeira Project was subsequently funded and developed in reliance on the public ownership record and those disclosures. The Company has also filed a crossclaim against certain of its individual co-defendants, alleging, among other things, breach of fiduciary duty, negligence and misrepresentation, and seeking contribution and indemnity, and a counterclaim against Emerita alleging that, if Emerita did not in fact relinquish its interest as it publicly disclosed, those disclosures were negligent and/or fraudulent misrepresentations. In addition, the Company has commenced a third-party claim against four individuals who were directors of Emerita when it made those disclosures, seeking, if the disclosures are found to have been inaccurate, contribution and indemnity for any amount the Company may be found liable to pay Emerita, together with damages for misrepresentation. No amounts have been recognized in respect of these claims and, given the early stage of the proceedings, it is not practicable to estimate their financial effect, if any. See the Company's news release dated November 5, 2026.

Risk Factors

Mining exploration inherently contains a high degree of risk and uncertainty, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following are certain factors relating to the business of the Company, which investors should carefully consider when making an investment decision concerning the Company's shares. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the Company.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, current financial conditions, revenues, taxes, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Financing Risks and Dilution to Shareholders

The Company has no revenue-generating operations. Even if its exploration and development activities are successful, additional funds will be required for further exploration and development, and it is likely that such capital will be raised through the issuance of additional equity, which would result in dilution to the Company's shareholders.

Financing and Foreign Operations

The Company will require additional financing to fund the development and construction of its mineral projects. The availability and terms of future financing may be affected by factors specific to Brazil, including political and economic conditions, changes in Brazilian laws or government policies, taxation, foreign exchange controls, currency volatility, capital flows, the availability of project financing for Brazilian mining projects and perceptions of political, regulatory and sovereign risk. These factors may increase the cost of financing, limit the availability of debt or equity capital or otherwise adversely affect the Company's ability to finance development of its projects on acceptable terms or at all.

Limited Operating History

The Company has a limited operating history. Although the Company has held certain material property interests for several years, it has no history of mining operations, revenue generation or production. The Company has yet to generate a profit from its operations. The Company will be subject to the business risks and uncertainties associated with companies advancing mineral projects through exploration, development and construction, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Construction, Commissioning and Ramp-Up

The development of the Bandeira Project will involve construction, commissioning and ramp-up of new mining and processing facilities. Construction or commissioning may experience delays, cost overruns, equipment failures, integration issues or other technical difficulties, and the time required to achieve steady-state production may be longer than anticipated. Any material delay or underperformance during commissioning or ramp-up could require additional capital and adversely affect the Company's financial condition and project economics.

Calculation of Mineral Resources and Mineral Reserves

There is a degree of uncertainty attributable to the calculation and estimates of resources and reserves and the corresponding metal grades to be mined and recovered. Until resources and reserves are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral resources and/or reserves, grades and recoveries may affect the economic viability of the Company's operations.

Metallurgical Recovery, Ore Variability and Processing Performance

Metallurgical testing and process design are based on samples and assumptions that may not be representative of all ore encountered during mining. The mineralogical characteristics, grade and other properties of ore may vary from those anticipated, and actual metallurgical recoveries, throughput and processing performance may differ from test results or feasibility-study assumptions. There can be no assurance that the proposed processing facilities will achieve anticipated recovery rates, product quality or design capacity. Lower recoveries, greater ore variability or other processing difficulties could increase operating costs, reduce production and adversely affect the economics of the Project.

Fluctuating Mineral Prices

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals that may be found on the Company's properties.

Brazilian Mining Royalties / CFEM

Mineral production in Brazil is subject to the Financial Compensation for the Exploitation of Mineral Resources ("CFEM") and potentially other governmental charges. Applicable royalty rates, calculation methodologies and related requirements may be amended from time to time by Brazilian federal, state or local authorities. Any increase in applicable royalty rates, expansion of the basis on which royalties are calculated, or imposition of additional charges could increase the Company's operating costs and adversely affect the economics of its mineral projects, results of operations and financial condition.

Spodumene Concentrate Specifications and Customer Acceptance

The Company's ability to successfully commercialize production from the Bandeira Project will depend, in part, on its ability to consistently produce spodumene concentrate that meets the specifications required by prospective customers, including with respect to lithium grade, moisture content and impurities. Actual product quality may differ from that anticipated based on test work or feasibility studies. Failure to consistently meet required product specifications could adversely affect customer acceptance, realized pricing, the Company's ability to enter into or maintain offtake arrangements and the economic performance of the Project.

Regulatory, Permit and License Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations that may concern, among other things, exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules because of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on its properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give assurance that title to some or all the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto. See 'Regulatory Matters and Corporate Governance' regarding the statement of claim filed by Emerita Resources Corp. on July 29, 2026 asserting an equitable interest in certain mining claims comprising the Bandeira Project. The Company believes it is the rightful owner of the Bandeira Project and is defending its rights.

The Company's mineral rights in Brazil are subject to the applicable Brazilian mining laws and regulatory regime and depend upon, among other things, the maintenance of applicable exploration permits, mining concessions and other mineral rights and compliance with applicable requirements. Although the Company has taken reasonable steps to investigate title to its mineral properties, title to mineral properties may be subject to prior rights, competing claims, overlapping applications, administrative decisions, deficiencies in historical records or other challenges.

Competition

The mineral exploration and development industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other companies could have a material adverse effect on the Company and its prospects.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the exploration, development and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with exploration, development and mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditure and operating costs.

Local Resident Concerns

Apart from ordinary environmental issues, the exploration, development and mining of the Company's properties could be subject to resistance from residents, indigenous groups or nongovernmental organizations that could either prevent or delay exploration and development of the properties.

Foreign Operations

The Company's properties are in Brazil. As such, the Company's proposed activities with respect to its properties will be subject to governmental, political, economic and other uncertainties, including but not limited to expropriation of property without fair compensation, repatriation of earnings, nationalization, currency fluctuations and devaluations, exchange controls and increases in government fees, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations will be conducted, as well as risks including loss due to civil strife, acts of war, insurrections and the actions of national labour unions. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company. No assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Brazil. Any changes in regulations or shifts in political attitudes will be beyond the Company's control and may adversely affect the Company's business.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, equipment and mines, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks, and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's securities.

Litigation

The Company and/or its directors and officers may face civil, regulatory or other proceedings, with or without merit. The Company and MGLIT are defendants in Emerita's statement of claim filed on July 29, 2026. On November 2, 2026, the Company filed a statement of defence, crossclaim and counterclaim and commenced a third-party claim. Regardless of outcome, litigation can result in significant costs, diversion of management attention, reputational harm and other adverse effects. See "Regulatory Matters and Corporate Governance."

Regulatory Proceedings, Litigation and Governance Changes

The OSC enforcement proceeding announced in April 2026, which involves another reporting issuer, certain of its directors and officers and an individual related to the alleged misconduct, certain of whom have current or former associations with the Company, the statement of claim filed by Emerita on July 29, 2026 naming the Company and its subsidiary MGLIT as defendants and claiming, among other things, an equitable interest in the Bandeira Project, and the related changes to the Company's Board of Directors and management may result in increased regulatory scrutiny, litigation risk, reputational harm, incremental professional and compliance costs, diversion of management attention, and difficulty attracting or retaining qualified directors, officers and personnel. While the Company is not a respondent in the OSC proceeding, disputes the allegations in the Emerita claim and does not believe these matters will result in the loss of its interest in the Bandeira Project, litigation outcomes are inherently uncertain and there can be no assurance that these matters or their direct or indirect effects will not have a material adverse effect on the Company's business, financial condition or results of operations. See Regulatory Matters and Corporate Governance above.

In response to the OSC announcement, the Board established a Special Committee composed solely of independent directors and undertook the governance changes set out above (see Regulatory Matters and Corporate Governance).

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company is a venture issuer and files the "Venture Issuer Basic Certificate" (Form 52-109FV2) with its interim filings. In contrast to the certificates required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains, or incorporates by reference, "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the future performance of Lithium Ionic, Lithium Ionic's mineral properties, the future price of lithium, the estimation of mineral resources and mineral reserves, results of exploration activities and studies, the realization of mineral resource estimates, exploration activities, costs and timing of the development of new deposits, the acquisition of additional mineral resources, the results of future exploration and drilling, costs and timing of future exploration of the mineral projects, requirements for additional capital, management's skill and knowledge with respect to the exploration and development of mining properties in Brazil, government regulation of mining operations and exploration operations, timing and receipt of approvals and licenses under mineral legislation, the Company's local partners, environmental risks and title disputes, the timing and receipt of the deferred consideration and any royalty from the sale of the Salinas properties, receipt of the LAC, timing of any final investment decision or construction start, project financing, the potential offtake prepayment facility, commodity price forecasts and litigation outcomes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks associated with the Company's dependence on the mineral projects; general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; risks associated with dependence on key members of management; conclusions of economic evaluations and studies; currency fluctuations (particularly in respect of the Canadian dollar, the United States dollar, the Brazilian real and the rate at which each may be exchanged for the others); future prices of lithium; uncertainty in the estimation of mineral resources; exploration and development risks; infrastructure risks; inflation risks; defects and adverse claims in the title to the projects; accidents, political instability, insurrection or war; labour and employment risks; changes in government regulations and policies, including laws governing development, production, taxes, royalty payments, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; risks that the deferred proceeds of the Salinas transaction may not be received on the anticipated timing or at all, or that expected proceeds may not be received; risks that the LAC or other permits may not be received on the anticipated timing or at all; risks that project financing or the offtake prepayment facility may not be completed on acceptable terms or at all; risks relating to commodity price forecasts and market conditions; risks relating to litigation and regulatory proceedings; insufficient insurance coverage; the risk that dividends may never be declared; and liquidity and financing risks related to global economic conditions. Such forward-looking statements are based on a number of material factors and assumptions, including that contracted parties provide goods and/or services on the agreed time frames; that ongoing contractual negotiations will be successful and progress and/or be completed in a timely manner; that required permits and approvals are received; that project financing is available on acceptable terms; that commodity price forecasts and market conditions are realized as anticipated; that litigation and regulatory proceedings are resolved without a material adverse effect; that no unusual geological or technical problems occur; that plant and equipment work as anticipated; and that there is no material adverse change in the price of lithium. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated, or intended. Forward-looking statements contained herein are made as of the date of this MD&A. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.