Lithium Ionic Corp.

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

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Independent Auditor's Report

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has an accumulated deficit of $91,216,908 and the need for equity financing for working capital and exploration and development of its properties. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Matter – Comparative Information

The consolidated financial statements of the Company as at and for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 28, 2023.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Paul Gortnar.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 29, 2024

Lithium Ionic Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at:	Note	**December 31, 2023 $**	December 31, 2022 $
ASSETS			
Current			
Cash and cash equivalents	8	**$ 11,167,803**	$ 21,492,788
Short-term investments	8	**-**	10,000,000
Amounts receivable		**336,155**	572,150
Prepaid expenses		**511,679**	426,863
Total current assets		**12,015,637**	32,491,801
Long-term			
Property and equipment	9	**1,184,553**	345,742
Total assets		**$ 13,200,190**	$ 32,837,543
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	17	**$ 4,526,494**	$ 2,008,712
Short-term lease liabilities	10	**256,168**	110,792
Total current liabilities		**4,782,662**	2,119,504
Long-term lease liabilities	10	**238,872**	136,778
Total liabilities		**5,021,534**	2,256,282
SHAREHOLDERS' EQUITY			
Common shares	13	**86,507,486**	49,711,875
Warrant reserve	14	**3,302,389**	1,000,896
Option reserve	14	**9,585,689**	6,773,242
Accumulated deficit		**(91,216,908)**	(26,904,752)
Total shareholders' equity		**8,178,656**	30,581,261
Total liabilities and shareholders' equity		**$ 13,200,190**	$ 32,837,543

Nature of operations and going concern	1
Commitments and contingencies	19

Approved on behalf of the Board of Directors:

Signed: _Helio Diniz_, Director
Signed: _David Gower_, Director

Lithium Ionic Corp.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Years ended December 31, 2023	2022
Expenses			
Exploration and evaluation expenses	5,11,12	**$ 53,990,151**	$ 9,870,898
Consulting and management fees	17	**4,650,420**	3,997,834
Shareholder communications		**991,855**	404,623
Professional fees		**1,174,246**	418,206
Office and general		**697,433**	152,244
Depreciation	9	**305,250**	33,153
Transaction costs	7	**-**	4,640,918
Share-based compensation	14	**3,008,710**	6,945,065
(Loss) for the period before other items		**$ (64,818,065)**	$(26,462,941)
Other items			
Interest income		**819,940**	459,530
Lease accretion expense	10	**(34,606)**	(5,352)
Lease extinguishment	10	**(858)**	-
Foreign exchange (loss)		**(290,574)**	(116,621)
Net (loss) and comprehensive (loss) for the period		**$ (64,324,163)**	(26,125,384)
Basic and diluted (loss) per share		**$ (0.50)**	$ (0.28)
Weighted average number of common shares outstanding			
Basic and Diluted		**128,058,101**	93,751,383

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

Lithium Ionic Corp.

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of Shares	Common Shares	Number of warrants	Warrant Reserve	Number of options	Option Reserve	Deficit	Shareholders' equity
Balance, December 31, 2021	**71,710,001**	**$ 7,487,282**	**2,372,750**	**$ 179,241**	**-**	**$ -**	**$ (779,368)**	**$ 6,887,155**
Reverse takeover transaction	7,499,992	5,250,000	55,192	29,909	-	-	-	5,279,909
Conversion of subscription receipts	20,000,000	14,000,000	-	-	-	-	-	14,000,000
Subscription receipts	1,257,370	880,159	-	-	-	-	-	880,159
Share issue costs - subscription receipts	-	(880,159)	-	-	-	-	-	(880,159)
Share issue costs - broker warrants	-	(364,000)	1,399,999	364,000	-	-	-	-
Share issue costs	-	(322,070)	-	-	-	-	-	(322,070)
Private placement	15,625,000	25,000,000	-	-	-	-	-	25,000,000
Share issue costs	-	(1,656,997)	-	-	-	-	-	(1,656,997)
Share issue costs - broker warrants	-	(549,375)	937,500	549,375				-
Share-based compensation	-	-	-	-	12,007,000	6,945,065	-	6,945,065
Options exercise	430,000	478,223	-	-	(430,000)	(171,823)	-	306,400
Warrants exercise	556,992	388,812	(556,992)	(121,629)			-	267,183
Loss and comprehensive loss for the period	-	-	-	-	-	-	(26,125,384)	(26,125,384)
Balance, December 31, 2022	**117,079,355**	**$ 49,711,875**	**4,208,449**	**$ 1,000,896**	**11,577,000**	**$ 6,773,242**	**$ (26,904,752)**	**$ 30,581,261**
Balance, December 31, 2022	**117,079,355**	**$ 49,711,875**	**4,208,449**	**$ 1,000,896**	**11,577,000**	**$ 6,773,242**	**$ (26,904,752)**	**$ 30,581,261**
Bought deal private placement	13,690,635	28,750,334	-	-	-	-	-	28,750,334
Share issue costs - broker warrants	-	(1,017,762)	821,438	1,017,762	-	-	-	-
Share issue costs	-	(1,972,250)	-	-	-	-	-	(1,972,250)
Acquisition of Neolit Minerals Participacoes Ltda.	4,000,000	9,000,000	1,500,000	1,702,500	-	-	-	10,702,500
Share-based compensation	-	-	-	-	2,490,000	3,008,710	-	3,008,710
Options exercise	270,000	508,271	-	-	(270,000)	(184,271)	-	324,000
Warrants exercise	3,145,564	1,527,018	(3,144,811)	(418,754)	-	-	-	1,108,264
Expiry of warrants and options	-	-	(170)	(15)	(15,000)	(11,992)	12,007	-
Loss and comprehensive loss for the period	-	-	-	-	-	-	(64,324,163)	(64,324,163)
Balance, December 31, 2023	**138,185,554**	**$ 86,507,486**	**3,384,906**	**$ 3,302,389**	**13,782,000**	**$ 9,585,689**	**$ (91,216,908)**	**$ 8,178,656**

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

Lithium Ionic Corp.

Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	Note		Years ended December 31, 2023		2022
Cash (used in)/provided by:					
Operating activities					
(Loss) for the period		**$**	**(64,324,163)**	$	(26,125,384)
Items not involving cash:					
Depreciation	9		**305,250**		33,153
Lease accretion expense	10		**34,606**		5,352
Loss on lease extinguishment	10		**858**		-
Acquisition of POCML 6 Inc.	7		**-**		4,640,918
Acquisition of Neolit	5		**19,236,896**		-
Share-based compensation	14		**3,008,710**		6,945,065
Foreign exchange			**20,766**		(1,028)
Changes in non cash working capital					
Amounts receivable			**239,958**		(518,801)
Prepaid expenses			**(79,005)**		(425,863)
Accounts payable and accrued liabilities			**(3,354,068)**		990,712
Net cash (used in) operating activities			**(44,910,192)**		(14,455,876)
Investing activities					
Redemption/(purchase) of GICs			**10,000,000**		(10,000,000)
Acquisition of Neolit Minerals Participacoes Ltda.	5		**(2,887,973)**		-
Cash acquired from acquisition	5, 7		**142,469**		701,110
Purchase of property and equipment	9		**(654,087)**		(99,980)
Net cash provided by investing activities			**6,600,409**		(9,398,870)
Financing activities					
Proceeds from equity financings	13		**28,750,334**		39,000,000
Cost of issue	13		**(1,972,250)**		(1,979,067)
Options exercised	14		**324,000**		306,400
Warrants exercised	14		**1,108,264**		267,183
Payments on lease liability	10		**(225,550)**		(35,669)
Net cash provided by financing activities			**27,984,798**		37,558,847
Change in cash			**(10,324,985)**		13,704,101
Cash, beginning of the year			**21,492,788**		7,788,687
Cash, end of the year		**$**	**11,167,803**	$	21,492,788
Cash and cash equivalents consist of:					
Cash		**$**	**2,667,803**	$	992,788
Cash equivalents			**8,500,000**		20,500,000
		$	**11,167,803**	$	21,492,788
SUPPLEMENTAL INFORMATION					
Value of common shares issued in acquisition	5	**$**	**9,000,000**	$	-
Value of warrants issued in acquisition	5		**1,702,500**		-
Value of broker subscription receipts	13		**-**		880,159
Value of broker warrants issued	13		**1,017,762**		913,375
Equipment acquired through leases	9,10		**438,512**		278,915

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

The Company owns the following subsidiaries:

- A 100% interest in Lithium Ionic Holdings Corp. (formerly Lithium Ionic Inc.), a company incorporated on July 5, 2021 as a Province of Ontario registered corporation pursuant to the *Business Corporations Act (Ontario)*. Lithium Ionic Holdings Corp. owns 100% of MGLIT Empreendimentos Ltda. ("MGLIT"), a company incorporated on October 29, 2018 under Brazilian corporate law.
- In March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"), a Brazilian company (Note 5).
- The Company, through MGLIT, owns a 10% ownership interest in Valitar Participações S.A.("Valitar") holding preferred shares that pass on the economic rights of Valitar to MGLIT. Valitar was incorporated in Brazil for the purpose of acquiring surface rights on claims owned by the Company that the Company expects could result in mineral production. See Note 6.

On May 19, 2022, the Company completed a reverse takeover transaction with Lithium Ionic Inc. (Note 7) and changes its name from POCML 6 Inc. to Lithium Ionic Corp.

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

The Company is in the process of exploring its mineral exploration properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

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

At December 31, 2023, the Company had current assets of $12,015,637 and current liabilities of $4,782,662 (December 31, 2022 - $32,491,801 and $2,119,504 respectively) and an accumulated deficit of $91,216,908 (December 31, 2022 - $26,904,752). The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. As such, there is material uncertainty that casts significant doubt on the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

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

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies set out were consistently applied to the period presented unless otherwise noted below.

Basis of presentation

These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and have been prepared using the historical cost basis. Furthermore, these consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest dollar. References to R$ refer to the Brazilian Real.

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

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the year ended December 31, 2023 were reviewed, approved and authorized for issue by the Board of Directors of the Company on April 26, 2024.

3. MATERIAL ACCOUNTING POLICIES

Basis of consolidation

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

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments, such as guaranteed investment certificates (“GICs”) and deposit accounts with chartered banks, trust accounts held with lawyers, cashable within three months of the date of original issue and for which are subject to insignificant risk of changes in value.

Short-term investments

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

3. MATERIAL ACCOUNTING POLICIES (continued)

Business Combinations and Asset Acquisitions

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

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

Financial Assets and Liabilities

Financial Assets

Initial recognition and measurement

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

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

Subsequent measurement - financial assets at amortized cost

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

Subsequent measurement - financial assets at FVPL

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

Subsequent measurement - financial assets at FVOCI

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

3. MATERIAL ACCOUNTING POLICIES (continued)

Derecognition

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

Impairment of financial assets

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

Financial Liabilities

Initial recognition and measurement

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

Subsequent measurement – financial liabilities at amortized cost

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

Derecognition

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

Exploration and evaluation expenditures

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

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

3. MATERIAL ACCOUNTING POLICIES (continued)

Equipment

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

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

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

Leases and right-of-use assets

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

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

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

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

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

Common shares

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

3. MATERIAL ACCOUNTING POLICIES (continued)

Foreign currency translation

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

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Share-based payments

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

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

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

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

Income taxes

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

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

3. MATERIAL ACCOUNTING POLICIES (continued)

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All the Company's outstanding warrants were anti-dilutive for the year ended December 31, 2023 and 2022.

Provisions

(a) General

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

(a) Rehabilitation provisions

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

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

The Company does not currently have any such significant legal or constructive obligations and therefore, no rehabilitation provision has been recorded as at December 31, 2023 and 2022.

3. MATERIAL ACCOUNTING POLICIES (continued)

New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2023. The Company adopted such changes without any material impact to the consolidated financial statements. Updates that are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted and are being evaluated to determine their impact on the consolidated financial statements.

IAS 1 – Presentation of Financial Statements was amended in January 2020 and October 2022 affecting the presentation of liabilities in the statement of financial position, clarifying that one of the requirements for the classification of a liability as non-current under the standard is the right of the entity to defer settlement of the liability for at least 12 months after the reporting period and that such right should exist at the end of the reporting period. This amendment is effective for annual periods beginning on or after January 1, 2024. The Corporation is evaluating the amendment and does not expect any material impact to the financial statements upon adoption.

Amendment to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies: In February 2021, the IASB issued amendment titled Presentation of Financial Statements to provide guidance on the application of materiality judgements to accounting policy disclosures. This amendment replaces the requirement to disclose “significant" accounting policies with the requirement to disclose “material” accounting policy information. The amendment is effective for annual periods beginning on or after January 1, 2023.

4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires the Company’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Share-based payments and warrants

Management determines costs for share-based payments and warrants issued in financing transactions using market-based valuation techniques. The fair value of the market-based share awards is determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Leases

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

4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Income, value added, withholding and other taxes

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

Rehabilitation provisions

The Company records management's best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

Contingencies

Refer to Note 19.

5. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA

In March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"). The founder and CEO of Neolit, Dr. André Guimarães, joined the Company as VP Business Development. Pursuant to the purchase agreement, the Company paid a cash payment of US$2,031,005 ($2,804,208) on closing, as well as a cash payment of US$2,570,767 ($3,549,458) to settle all existing liabilities of Neolit on closing. As well, the Company issued 4,000,000 common shares of the Company and 1,500,000 common share purchase warrants. These warrants are exercisable at a price of $2.25 for a period of three years and only vest if the Company establishes an independent National Instrument ("NI") 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li_2O. A final cash payment of US$1,500,000 ($1,983,900) is due September 10, 2024 and is recorded in accounts payable and accrued liabilities on the consolidated statements of financial position . In addition to the Salinas Project, Neolit, pursuant to a definitive agreement it has in place with an arm's length party, can select from a land package of 10 tenements and acquire up to a 90% ownership interest in such claims by incurring exploration expenditures.

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

Expressed in Canadian Dollars

5. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA (continued)

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

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

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

6. INCORPORATION OF VALITAR PARTICIPACOES S.A.

Valitar Participações S.A. ("Valitar") was incorporated in Brazil for the purpose of acquiring surface rights so that the Company ultimately benefits from royalties owing to landowners. MGLIT has a 10% ownership interest in Valitar, holding preferred shares that pass on the economic rights to MGLIT. The Company's President, Mr. Helio Diniz, controls a company which owns a 90% ownership interest in Valitar. For accounting purposes, in accordance with IFRS 10 – Consolidated Financial Statements, management determined that it has control of Valitar and as a result, the financial statements of Valitar have been consolidated with the Company's financial statements for the year ended December 31, 2023.

Expressed in Canadian Dollars

7. REVERSE ACQUISITION

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

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

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

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

The value of the shares was based on the price of the subscription receipts. The value of the warrants was estimated using the Black-Scholes model with the following assumptions: expected dividend yield of 0%; expected volatility of 69%; risk-free interest rate of 2.7% and an expected life of 0.9 years.

Expressed in Canadian Dollars

8. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	December 31, 2023	December 31, 2022
Cash	$ 2,667,803	$ 992,788
Guaranteed investment certificate ("GIC"), bearing a variable interest rate, redeemable and maturing July 22, 2023	-	4,500,000
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.20%, maturing January 5, 2023	-	10,000,000
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.00%, maturing February 23, 2023	-	6,000,000
Guaranteed investment certificate ("GIC"), bearing a variable interest rate (5.2% at December 31, 2023), redeemable and maturing August 3, 2024	8,500,000	-
Cash and cash equivalents	**11,167,803**	**21,492,788**
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.50%, maturing April 5, 2023	-	10,000,000
Short-term investments	-	**10,000,000**

9. PROPERTY AND EQUIPMENT

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

	Office furniture	Computers & office equipment	Field and lab equipment	Vehicles	Software	Land	Right-of-Use assets	Total
	$	$	$	$	$	$	$	$
<u>Cost</u>								
As at December 31, 2021	-	-	-	-	-	-	-	-
Additions	11,274	30,201	6,865	117,270	22,498	-	190,787	378,895
As at December 31, 2022	11,274	30,201	6,865	117,270	22,498	-	190,787	378,895
Acquired through Neolit transaction	2,029	1,935	4,042	86,630	-	-	-	94,636
Additions	79,410	85,053	10,099	-	208,157	271,368	438,512	1,092,599
Lease extinguishment (Note 10)	-	-	-	-	-	-	(32,397)	(32,397)
As at December 31, 2023	**92,713**	**117,189**	**21,006**	**203,900**	**230,655**	**271,368**	**596,902**	**1,533,733**
<u>Accumulated Depreciation</u>								
As at December 31, 2021	-	-	-	-	-	-	-	-
Depreciation	(374)	(1,320)	(339)	(7,818)	(1,875)	-	(21,427)	(33,153)
As at December 31, 2022	(374)	(1,320)	(339)	(7,818)	(1,875)	-	(21,427)	(33,153)
Acquired through Neolit transaction	(139)	(47)	(21)	(21,245)	-	-	-	(21,452)
Depreciation	(4,734)	(12,231)	(1,325)	(31,171)	(89,951)	-	(165,838)	(305,250)
Lease extinguishment (Note 10)	-	-	-	-	-	-	10,675	10,675
As at December 31, 2023	**(5,247)**	**(13,598)**	**(1,685)**	**(60,234)**	**(91,826)**	**-**	**(176,590)**	**(349,180)**
Net book value as at December 31, 2022	10,900	28,881	6,526	109,452	20,623	-	169,360	345,742
Net book value as at December 31, 2023	**87,466**	**103,591**	**19,321**	**143,666**	**138,829**	**271,368**	**420,312**	**1,184,553**

Expressed in Canadian Dollars

10. LEASE LIABILITY

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

As at December 31, 2021		-
Leases assumed during the period		278,915
Lease accretion		5,352
Lease payments		(35,669)
Foreign exchange		(1,028)
As at December 31, 2022	**$**	**247,570**
Leases assumed during the period		438,512
Lease accretion		34,606
Lease payments		(225,550)
Lease extinguishment		(21,601)
Foreign exchange		21,503
As at December 31, 2023	**$**	**495,040**
Current portion of lease liability	$	256,168
Long-term portion of lease liability	$	238,872

The Company's lease liabilities include financing arrangements for vehicles as well as right-of-use leases for office space, dormitories and warehouses in Brazil.

During the year ended December 31, 2023, MGLIT signed lease agreements for dormitories and warehouses, located in Araçuaí, Salinas, and Vespasiano, MG. These agreements are for terms of 23 to 36 months. Monthly rent payments for the Company's right-of-use agreements total R$89,091 ($24,286). An estimated incremental borrowing rate of 7.5% per annum was used.

During the year, the Company terminated a lease agreement entered into the prior year. As a result, a loss of $858 was recorded on the statement of loss and comprehensive loss.

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

	R$	CAD$
Payments due within 1 year	1,069,092	291,434
Payments due in 1-3 years	947,368	258,253

11. ACQUISITION OF MINING LICENSES

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

- R$500,000 ($129,947) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2023 (paid in February 2023);
- R$500,000 ($137,625) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before July 20, 2023 (paid in July 2023);
- R$500,000 ($136,559) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2024 (paid January 2024);
- R$50,000 in cash to acquire an additional 0.15% equity ownership interest in Vale Litio on or before July 29, 2024;
- R$29,950,000 in cash to acquire an additional 92.45% equity ownership in Vale Litio on or before January 20, 2025.

If the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale claims of at least six million tonnes with an average content greater than 1.3% Li_2O, the Company shall pay Exotic a cash bonus of R$10,000,000. The Company may terminate the agreement at any time without incurring any additional financial penalties.

Amounts paid to December 31, 2023, R$1,900,000 ($500,406) which represents a 5.86% interest, have been recorded as land acquisition costs in exploration and evaluation expenses.

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

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

Pursuant to the Agreement and in order to complete the Transaction, Lithium Ionic paid to Galvani:
- USD$100,000 ($129,400) on execution of the Agreement (paid June 2022,); and
- USD$3,210,000 ($4,210,397) on closing of the Transaction (paid September 2022).

Expressed in Canadian Dollars

11. ACQUISITION OF MINING LICENSES (continued)

If, during the 18 months following the closing of the Transaction, the Company, through an independent qualified person, defines an inferred mineral resource estimate of a minimum of 5Mt with a Li_2O content above 1.3%, the Company shall, at Galvani's discretion, (i) issue such number of Lithium Ionic shares equal to USD$2 million calculated using the 7 day VWAP of the Lithium Ionic shares on the TSX Venture Exchange ending on the effective date of the technical report evidencing such mineral resource estimate subject to a minimum price per share of $0.904, or (ii) pay USD$2 million in cash to Galvani on the effective date of the technical report evidencing such mineral resource estimate. Subsequent to the end of the year, in March 2024, it was determined that the requirement for this contingent payment was not met.

Borges claims
In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineracao Borges Ltda. Upon closing, the Company paid R$500,000 ($129,133) upon execution of the conveyance documents transferring the claims to MGLIT. The terms of the agreement were amended subsequent to the end of the year in February 2024 whereby R$50,000 was paid in March 2024 and $14,950,000 is payable upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li_2O content over 1.3% by June 5, 2025. The Company may terminate this agreement at any time without incurring additional financial penalties.

12. EXPLORATION AND EVALUATION EXPENSES

Lithium Ionic owns a 100% ownership interest in the Bandeira Project in Brazil, comprising certain exploration permits, the Galvani Licenses, the Borges, Clesio and Vale claims and 85% of the Salinas claims from its acquisition of Neolit, all located in Minas Gerais state (MG), Brazil.

Exploration and evaluation expenses are detailed in the following table.

	Years ended December 31, 2023	Years ended December 31, 2022
Acquisition of Neolit property (Note 5)	$ 19,236,896	$ -
Drilling and geophysics	26,099,743	3,176,766
Mining licenses and land acquisition (Note 11)	2,404,776	4,468,929
Technical reports	2,219,495	1,510,228
Project overhead costs	1,485,812	231,639
Labour	1,045,010	100,774
Land management fees, taxes and permits	933,668	134,862
Professional fees	391,919	63,090
Travel, meals and accomodation	172,832	184,610
Total exploration and evaluation expenses	**$ 53,990,151**	**$ 9,870,898**

Expressed in Canadian Dollars

13. COMMON SHARES

Authorized

On December 31, 2023, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding		Amount
Balance, December 31, 2021	71,710,001	$	7,487,282
Reverse takeover transaction (Note 7 and (iv)):	7,499,992		5,250,000
Conversion of subscription receipts (iv)	20,000,000		14,000,000
Subscription receipts (iv)	1,257,370		-
Broker warrants valuation (iv)	-		(364,000)
Issuance costs (iv)	-		(322,070)
Private placement (v)	15,625,000		25,000,000
Broker warrants valuation (v)	-		(549,375)
Issuance costs (v)	-		(1,656,997)
Exercise of options (vi)	430,000		306,400
Valuation allocation of exercise of options	-		171,823
Exercise of warrants (vii)	556,992		267,183
Valuation allocation of exercise of warrants	-		121,629
Balance, December 31, 2022	117,079,355	$	49,711,875
Bought deal private placement (i)	13,690,635		28,750,334
Share issue costs (i)	-		(1,972,250)
Value of broker warrants (i)	-		(1,017,762)
Acquisition of Neolit (Note 5)	4,000,000		9,000,000
Exercise of options (ii)	270,000		324,000
Valuation allocation of exercise of options	-		184,271
Exercise of warrants (iii)	3,145,564		1,108,264
Valuation allocation of exercise of warrants	-		418,754
Balance, December 31, 2023	**138,185,554**	**$**	**86,507,486**

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

(ii) During the year ended December 31, 2023, 270,000 of the Company's stock options were exercised at a weighted-average price of $1.20 per common share, generating proceeds of $324,000.

(iii) During the year ended December 31, 2023, 3,145,564 warrants were exercised at a weighted-average price of $0.35 per common share, generating proceeds of $1,108,264.

13. COMMON SHARES (continued)

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

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

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

• The issuance of an aggregate of 1,257,370 subscription receipts to the agents, valued at $880,159 based on the subscription receipt price.

• The issuance of an aggregate of 1,399,999 broker warrants, each exercisable to acquire one common share at a price of $0.70 until May 19, 2024. The fair value of the broker warrants issued was estimated at $364,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 65% based on volatilities of comparable companies; risk- free interest rate of 3.85%, and an expected life of 2 years.

• Cash payments of $322,070.

(v) On October 5, 2022, the Company closed a brokered private placement by issuing 15,625,000 common shares of the Company at a price of $1.60 per share for gross proceeds of $25,000,000. In connection with this financing, the Company paid a cash fee equal to 6% of the gross proceeds to the agents, as well as issuing 937,500 broker warrants, each of which entitle the holder to purchase one common share of the Company at an exercise price of $1.60 expiring October 5, 2024. The fair value of the broker warrants was estimated at $549,375 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 68% based on volatilities of comparable companies; risk- free interest rate of 1%, and an expected life of 2 years.

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

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

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

Expressed in Canadian Dollars

14. EQUITY RESERVES

Warrants

The changes in warrants issued during the years ended December 31, 2023 and 2022 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, December 31, 2021	**2,372,750**	**$ 0.20**	**$ 179,241**
Exchanged, POCML 6 acquisition (Note 7)	55,192	0.16	29,909
Granted, Broker warrants (Note 13(iv))	1,399,999	0.70	364,000
Granted, Broker warrants (Note 13(v))	937,500	1.60	549,375
Exercised	(556,992)	0.48	(121,629)
Balance, December 31, 2022	4,208,449	$ 0.64	$ 1,000,896
Granted, Neolit acquisition (Note 5)	1,500,000	2.25	1,702,500
Granted, broker warrants (Note 13(i))	821,438	2.10	1,017,762
Exercised	(3,144,811)	$ 0.35	$ (418,754)
Expiry	(170)	$ 0.16	$ (15)
Balance, December 31, 2023	**3,384,906**	**$ 1.98**	**$ 3,302,389**

The following table summarizes the warrants outstanding as of December 31, 2023:

Number of warrants outstanding	Number of warrants exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$			Years	
125,968	125,968	19-May-22	19-May-24	0.70	32,752	68%	1.00%	2.00	0%
937,500	937,500	5-Oct-22	5-Oct-24	1.60	549,375	65%	3.85%	2.00	0%
1,500,000	-	13-Mar-23	10-Mar-26	2.25	1,702,500	74%	3.31%	3.00	0%
821,438	821,438	31-Jul-23	31-Jul-25	2.10	1,017,762	71%	4.67%	2.00	0%
3,384,906	**1,884,906**				**3,302,389**				

The weighted-average remaining contractual life of the warrants as of December 31, 2023 is 1.58 years (December 31, 2022: 1.22 years).

Expressed in Canadian Dollars

14. EQUITY RESERVES (continued)

Share-based payments

The changes in stock options issued during the years ended December 31, 2023 and 2022 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2021	-	$ -	$ -
Granted	12,007,000	1.01	6,945,065
Exercised	(430,000)	0.79	(171,823)
Balance, December 31, 2022	11,577,000	$ 1.02	$ 6,773,242
Granted	2,490,000	1.57	3,008,710
Exercised	(270,000)	1.20	(184,271)
Expired	(15,000)	1.39	(11,992)
Balance, December 31, 2023	**13,782,000**	**$ 1.11**	**$ 9,585,689**

During the year ended December 31, 2023, the Company granted 2,490,000 stock options to directors, officers and consultants of the Company at a weighted average exercise price of $1.57 expiring five years from the date of grant (December 31, 2022: 12,007,000 stock options granted at a weighted average exercise price of $1.01). These options vested immediately. The grant date fair value of these options was estimated to be $3,008,710 (December 31, 2022: $6,945,065) using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility ranging between 66.36% and 110.75% based on the volatility of comparable companies; risk-free interest rate ranging between 3.50% and 3.88%; and an expected life of 5 years.

During the year ended December 31, 2023, 270,000 of the Company's options were exercised at a weighted-average exercise price of $1.20 generating proceeds of $324,000 (December 31, 2022: 430,000 exercised at a weighted-average exercise price of $0.71). The Company's weighted average share price at the time of the option exercises was $2.08 (December 31, 2022: $1.56).

For the year ended December 31, 2023, $3,008,710 in share-based compensation has been recognized in the consolidated statements of loss and comprehensive loss (December 31, 2022: $6,945,065).

Expressed in Canadian Dollars

14. EQUITY RESERVES (continued)

Options outstanding as of December 31, 2023 are as follows:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$			Years	
6,280,000	6,280,000	20-Apr-22	20-Apr-27	0.70	2,463,644	65%	2.63%	5.00	0%
2,680,000	2,680,000	1-Jun-22	1-Jun-27	1.24	1,891,276	66%	2.86%	5.00	0%
250,000	250,000	13-Jun-22	13-Jun-27	1.06	209,425	66%	3.48%	5.00	0%
150,000	150,000	5-Aug-22	5-Aug-27	1.22	105,750	67%	2.90%	5.00	0%
1,932,000	1,932,000	3-Nov-22	3-Nov-27	1.69	1,906,884	67%	3.59%	5.00	0%
200,000	200,000	27-Feb-23	27-Feb-28	2.89	336,600	66%	3.57%	5.00	0%
2,140,000	2,140,000	15-Nov-23	15-Nov-28	1.44	2,480,260	111%	3.88%	5.00	0%
150,000	150,000	1-Dec-23	1-Dec-28	1.60	191,850	110%	3.50%	5.00	0%
13,782,000	**13,782,000**				**9,585,689**				

15. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of common shares, warrants and options.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company must raise additional amounts.

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the year ended December 31, 2023.

16. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities whose carrying values reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. Management believes the carrying value of lease liabilities approximate fair value. As at December 31, 2023, the Company's financial instruments that are carried at fair value, being cash equivalents, are classified as Level 1 within the fair value hierarchy.

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

(a) *Credit risk*

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

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

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

(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.

16. FINANCIAL INSTRUMENTS (continued)

As at December 31, 2023 and 2022, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

December 31, 2023

	Brazilian reals	US dollars
Cash	$ 2,102,232	$ 5,929
Accounts payable and accrued liabilities	(2,064,822)	(2,055,945)
Lease liabilities	(495,040)	-
	$ (457,631)	$ (2,050,016)

December 31, 2022

	Brazilian reals	US dollars
Cash	$ 307,929	$ 62,887
Accounts payable and accrued liabilities	(484,615)	(54,176)
Lease liabilities	(247,570)	-
	$ (424,256)	$ 8,711

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately $46,000 (December 31, 2022 - $40,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately $102,000 (December 31, 2022 - $18,000).

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2023, the Company had a cash and cash equivalents balance of $11,167,803 (December 31, 2022 - $31,492,788 including short-term investments) to settle current liabilities of $4,782,662 (December 31, 2022 - $2,119,504). Of the current liabilities, approximately $2,500,000 have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) *Commodity / equity price risk*

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

Expressed in Canadian Dollars

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the years ended December 31, 2023 and 2022, the remuneration of directors and other key management personnel is as follows:

	Years ended December 31,	
	2023	2022
Management and Consulting fees	$4,294,427	$3,608,768
Share-based compensation	1,883,990	5,597,646
Total	**$6,178,417**	**$9,206,414**

As at December 31, 2023, an amount of approximately $227,800 (December 31, 2022 - $1,250,000), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. Such amounts are unsecured and non-interest bearing.

During the year ended December 31, 2023, the Company paid $67,360 (December 31, 2022: $7,500) to Troilus Gold Corp. for office space, administrative services and reimbursable costs. As at December 31, 2023, a balance of $315 (December 31, 2022: $nil) is payable to Troilus Gold Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Gold Corp, and Mr. Ian Pritchard, a new director of the Company, is an officer of Troilus Gold Corp. As well, Mr. Blake Hylands, the Company's Chief Executive Officer, is a former officer of Troilus Gold Corp.

Also during the year ended December 31, 2023, the Company paid $70,690 (December 31, 2022: $98,219) to Falcon Metais Ltda. for various administrative services. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda.

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

Expressed in Canadian Dollars

18. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Brazil. The following table summarizes the total assets and liabilities by geographic segment as at December 31, 2023 and 2022:

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

December 31, 2022	**Brazil**	**Corporate**	**Total**
Cash and cash equivalents and short term investments	$ 307,929	$ 31,184,859	$ 31,492,788
Amounts receivable	-	572,150	572,150
Prepaid expenses	296,894	129,969	426,863
Equipment	345,742	-	345,742
Total Assets	**$ 950,565**	**$ 31,886,978**	**$ 32,837,543**
Accounts payable and accrued liabilities	$ 484,615	$ 1,524,097	$ 2,008,712
Lease liabilities	247,570	-	247,570
Total Liabilities	**$ 732,185**	**$ 1,524,097**	**$ 2,256,282**

19. COMMITMENTS AND CONTINGENCIES

Environmental

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

General

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

Management Contracts

The Company is party to certain management contracts. As of December 31, 2023, these contracts require payments of approximately $7,600,000 (December 31, 2022 - $3,390,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately $2,410,000 (December 31, 2022 - $1,764,000) pursuant to the terms of these contracts as of December 31, 2023. As a triggering event has not taken place on December 31, 2023, these amounts have not been recorded in these consolidated financial statements.

Expressed in Canadian Dollars

19. COMMITMENTS AND CONTINGENCIES

Other

Subject to the agreement to acquire mineral claims from Mineracao Borges Ltda. in December 2022, upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li_2O content over 1.3% by June 21, 2025, the Company shall pay an additional R$14,950,000. As at December 31, 2023, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

In connection with the Company's agreement to acquire a 100% interest in the Vale Litio claims, the Company is to scheduled to pay R$50,000 on July 20, 2024; and R$29,950,000 on or before January 20, 2025 to acquire the remaining 92.6% interest. As well, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale claims of at least six million tonnes with an average content greater than 1.3% Li2O, the Company shall pay Exotic a cash bonus of R$10,000,000. The Company may terminate the agreement at any time without incurring any additional financial penalties.

Subject to the agreement with Clesio, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li2O by August 13, 2025, the Company shall pay Clesio a cash bonus of USD$1,000,000. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least five million tonnes with an average content greater than 1.3% Li2O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD$1,000,000. As at December 31, 2023, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

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

See Notes 1, 5, 10 and 11.

20. INCOME TAXES

Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2021 - 26.5%) were as follows:

	2023 $	2022 $
(Loss) before income taxes	(64,324,163)	(26,125,385)
Expected income tax recovery based on statutory rate	(17,046,000)	(6,923,000)
Adjustment to expected income tax benefit:		
Share-based payments	797,000	1,840,000
Expenses not deductible for tax purposes	-	1,230,000
Change in Benefit of tax assets not recognized	16,249,000	3,853,000
Deferred income tax provision (recovery)	-	-

Expressed in Canadian Dollars

20. INCOME TAXES (continued)

Deferred income taxes

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

	2023 $	2022 $
Non-capital loss carry-forwards - Canada	31,918,000	5,856,000
Share issue costs - Canda	3,018,000	2,087,000
Tax losses - Brazil	38,103,000	9,853,000
Resource properties - Brazil	6,886,000	9,853,000
	79,925,000	27,649,000

In Canada, the Company has approximately $31,918,000 of non-capital losses expiring between 2041 and 2043. In Brazil, the Company has approximately $38,103,000 of non-capital losses that carry forward indefinitely.