



Lithium Ionic Corp.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at:	Note	September 30, 2023 \$	December 31, 2022 \$
ASSETS			
Current			
Cash and cash equivalents	6	\$ 22,696,431	\$ 21,492,788
Short-term investments	6	-	10,000,000
Amounts receivable		313,953	572,150
Prepaid expenses		560,709	426,863
Total current assets		23,571,093	32,491,801
Long-term			
Equipment	7	750,864	345,742
Loan receivable	8	1,840,160	-
Total assets		\$ 26,162,117	\$ 32,837,543
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	16	\$ 5,914,266	\$ 2,008,712
Short-term lease liabilities	9	220,876	110,792
Total current liabilities		6,135,142	2,119,504
Long-term lease liabilities	9	233,715	136,778
Total liabilities		6,368,857	2,256,282
SHAREHOLDERS' EQUITY			
Common shares	12	86,289,765	49,711,875
Warrant reserve	13	4,025,110	1,000,896
Option reserve	13	6,925,571	6,773,242
Accumulated deficit		(77,447,186)	(26,904,752)
Total shareholders' equity		19,793,260	30,581,261
Total liabilities and shareholders' equity		\$ 26,162,117	\$ 32,837,543
Nature of operations and going concern	1		
Commitments and contingencies	18		
Subsequent event	19		

Approved on behalf of the Board of Directors:

Signed: Helio Diniz, Director

Signed: David Gower, Director

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Expenses					
Exploration and evaluation expenses	4,8,11	\$ 11,245,460	\$ 6,289,135	\$ 46,374,742	\$ 7,335,748
Consulting and management fees	14	671,060	410,537	1,911,126	2,022,209
Shareholder communications		190,161	85,090	688,905	212,264
Professional fees		314,196	20,779	946,974	276,697
Office and general		143,063	33,827	548,367	65,020
Depreciation	7	89,697	4,016	181,325	5,615
Transaction costs	5	-	(3,793)	-	4,640,918
Share-based compensation	13	-	105,750	336,600	5,033,246
(Loss) for the period before other items		\$(12,653,637)	\$ (6,945,341)	\$(50,988,039)	\$(19,591,717)
Other items					
Interest income		229,580	80,006	667,269	127,397
Lease accretion expense	9	(7,191)	(1,019)	(25,136)	(1,216)
Lease extinguishment	9	-	-	(858)	-
Accretion of loan receivable	8	82,943	-	84,740	-
Foreign exchange (loss)		(105,953)	(84,210)	(280,425)	(75,039)
Net (loss) and comprehensive (loss) for the period		\$(12,454,258)	\$ (6,950,564)	\$(50,542,449)	(19,540,575)
Basic and diluted (loss) per share		\$ (0.09)	\$ (0.07)	\$ (0.41)	\$ (0.23)
Weighted average number of common shares outstanding					
Basic and Diluted		133,666,435	100,817,392	124,645,182	86,179,395

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of Shares	Common Shares	Number of warrants	Warrant Reserve	Number of options	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	-	(298,998)	-	-	-	-	-	(298,998)
Share-based compensation	-	-	-	-	10,070,000	5,033,246	-	5,033,246
Options exercise	430,000	478,223	-	-	(430,000)	(171,823)	-	306,400
Warrants exercise	276,991	120,011	(276,991)	(48,829)	-	-	-	71,182
Loss and comprehensive loss for the period	-	-	-	-	-	-	(19,540,575)	(19,540,575)
Balance, September 30, 2022	101,174,354	\$ 26,672,518	3,550,950	\$ 524,321	9,640,000	\$ 4,861,423	\$ (20,319,943)	\$ 11,738,319
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	-	\$ (1,635,483)	821,438	\$ 1,635,483	-	-	-	-
Share issue costs	-	\$ (1,972,250)	-	-	-	-	-	(1,972,250)
Acquisition of Neolit Minerals Participacoes Ltda.	4,000,000	9,400,000	1,500,000	1,807,500	-	-	-	11,207,500
Share-based compensation	-	-	-	-	200,000	336,600	-	336,600
Options exercise	270,000	508,271	-	-	(270,000)	(184,271)	-	324,000
Warrants exercise	3,145,564	1,527,018	(3,144,811)	(418,754)	-	-	-	1,108,264
Expiry of warrants	-	-	(170)	(15)	-	-	15	-
Loss and comprehensive loss for the period	-	-	-	-	-	-	(50,542,449)	(50,542,449)
Balance, September 30, 2023	138,185,554	\$ 86,289,765	3,384,906	\$ 4,025,110	11,507,000	\$ 6,925,571	\$ (77,447,186)	\$ 19,793,260

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	Note	Nine months ended September 30,	
		2023	2022
Cash (used in)/provided by:			
Operating activities			
(Loss) for the period		\$ (50,542,449)	\$ (19,540,575)
Items not involving cash:			
Depreciation	7	181,325	5,615
Lease accretion expense	9	25,136	1,216
Loss on lease extinguishment	9	858	-
Acquisition of POCML 6	5	-	4,640,918
Acquisition of Neolit	4	19,548,788	-
Fair value adjustment of loan receivable	8	863,791	-
Share-based compensation	13	336,600	5,033,246
Foreign exchange		69,162	(224)
Changes in non cash working capital		(1,658,246)	(969,467)
Net cash (used in) operating activities		(31,175,035)	(10,829,271)
Investing activities			
Redemption of GICs		10,000,000	-
Acquisition of Neolit Minerals Participacoes Ltda.	4	(2,872,334)	-
Cash acquired from acquisition		140,218	701,110
Loan receivable	8	(2,752,000)	-
Purchase of equipment	7	(188,637)	(54,044)
Net cash provided by investing activities		4,327,247	647,066
Financing activities			
Proceeds from equity financings	12	28,750,334	14,000,000
Cost of issue	12	(1,972,250)	(298,998)
Options exercised	13	324,000	306,400
Warrants exercised	13	1,108,264	71,182
Principal payments on lease liability	9	(158,917)	(7,738)
Net cash provided by financing activities		28,051,431	14,070,846
Change in cash		1,203,643	3,888,641
Cash, beginning of the period		21,492,788	7,788,687
Cash, end of the period		22,696,431	\$ 11,677,328
SUPPLEMENTAL INFORMATION			
Value of common shares issued in acquisition	4	9,400,000	\$ -
Value of warrants issued in acquisition	4	1,807,500	-
Value of broker warrants issued	12	1,635,483	1,399,999
Equipment acquired through leases	7,9	347,504	137,345

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

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

The Company owns the following subsidiaries:

- A 100% interest in Lithium Ionic Holdings Corp. (formerly Lithium Ionic Inc.), a company incorporated on July 5, 2021 as a Province of Ontario registered corporation pursuant to the *Business Corporations Act (Ontario)*. Lithium Ionic Holdings Corp. owns 100% of MGLIT Empreendimentos Ltda. (“MGLIT”), a company incorporated on October 29, 2018 under Brazilian corporate law.
- In March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. (“Neolit”), a Brazilian company which, as at the date of this report, owns an 85% interest in the Salinas Project (Note 4).
- 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 is a special purpose vehicle 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 8.

On May 19, 2022, the Company completed a reverse takeover transaction with Lithium Ionic Inc. (Note 5).

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 September 30, 2023, the Company had current assets of \$23,571,093 and current liabilities of \$6,135,142 (December 31, 2022 - \$32,491,801 and \$2,119,504 respectively) and an accumulated deficit of \$77,447,186 (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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

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

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are in compliance with IAS 34, *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022.

Basis of presentation

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

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

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the three and nine months ended September 30, 2023 were reviewed, approved and authorized for issue by the Board of Directors of the Company on November 16, 2023.

Significant accounting policies

The policies set out in the company's annual financial statements for the year ended December 31, 2022 were consistently applied to all periods unless otherwise noted below.

New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

2. BASIS OF PRESENTATION (continued)

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

3. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

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

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

Share-based payments and warrants

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

Income, value added, withholding and other taxes

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

Rehabilitation provisions

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

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

3. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Leases under IFRS 16

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

Contingencies

Refer to Note 18.

4. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA

In March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"), a Brazilian company which owns a 40% interest in the Salinas Project and has the right, subject to certain exploration commitments, to acquire up to an 85% ownership interest in the Salinas Project. Subsequent to September 30, 2023, the Company increased its mineral rights ownership in the Salinas Project to 85%. 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 (\$2,788,569) on closing, as well as a cash payment of US\$2,570,767 (\$3,541,232) to settle all existing liabilities of Neolit on closing. As well, the Company issued 4,000,000 common shares of the Company and 1,500,000 common share purchase warrants. These warrants are exercisable at a price of \$2.25 for a period of three years and only vest if the Company establishes an independent NI 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li₂O. A final cash payment of US\$1,500,000 is due September 10, 2024. 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 operations.

Cash	140,218
Accounts receivable	3,900
Prepaid expenses	5,719
Fixed assets	72,028
Accounts payable	(3,631,319)
<u>Net Assets of Neolit:</u>	<u>(3,409,454)</u>

Consideration provided:

Shares (4,000,000 @ \$2.35)	9,400,000
Warrants (1,500,000 @ \$1.21)	1,807,500
Cash payment (US\$2,031,005)	2,788,569
Deferred cash consideration (US\$1,500,000)	2,059,500
<u>Total consideration</u>	<u>16,055,569</u>

<u>Purchase price provided less net assets acquired:</u>	<u>19,465,023</u>
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Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

4. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA (continued)

The fair value of the 4,000,000 shares of the Company was \$2.35 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 3.31% and an expected life of 3 years.

The Company incurred transactions costs related to this acquisition of \$83,765.

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

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

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

Consideration paid:

Issuance of Common Shares (7,499,992 @ \$0.70)	\$	5,250,000
Issuance of Warrants (55,192 @ \$0.5419)		29,909
	\$	<u>5,279,909</u>

Purchase price allocation:

Cash	\$	701,110
Accounts receivable		9,925
Accounts payable		(72,044)
Transaction costs		4,640,918
	\$	<u>5,279,909</u>

The value of the shares was based on the price of the subscription receipts. 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

6. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	September 30, 2023	December 31, 2022
Cash	\$ 2,696,431	\$ 992,788
Guaranteed investment certificate ("GIC"), bearing a variable interest rate (4.45% at December 31, 2022), redeemable and maturing July 22, 2023	-	4,500,000
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.20%, maturing January 5, 2023	-	10,000,000
Guaranteed investment certificate ("GIC"), bearing an interest rate of 4.00%, maturing February 23, 2023	-	6,000,000
Guaranteed investment certificate ("GIC"), bearing a variable interest rate (5.2% at September 30, 2023), redeemable and maturing August 3, 2024	5,000,000	-
Guaranteed investment certificate ("GIC"), bearing an interest rate of 5.45%, maturing November 1, 2023	15,000,000	-
Cash and cash equivalents	22,696,431	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

7. 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	Right-of-Use assets	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
As at December 31, 2022	11,274	30,201	6,865	117,270	22,498	190,787	378,895
Acquired through Neolit transaction	1,997	1,904	3,978	85,262	-	-	93,141
Additions	53,711	67,084	2,885	-	67,774	344,687	536,141
Lease extinguishment (Note 9)	-	-	-	-	-	(32,398)	(32,398)
As at September 30, 2023	66,982	99,189	13,728	202,532	90,272	503,077	975,780
Accumulated Depreciation							
As at December 31, 2022	(374)	(1,320)	(339)	(7,818)	(1,875)	(21,427)	(33,153)
Acquired through Neolit transaction	(137)	(46)	(20)	(20,909)	-	-	(21,112)
Depreciation	(2,808)	(7,951)	(903)	(20,922)	(39,524)	(109,217)	(181,325)
Lease extinguishment (Note 9)	-	-	-	-	-	10,675	10,675
As at September 30, 2023	(3,319)	(9,317)	(1,262)	(49,649)	(41,399)	(119,969)	(224,915)
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 September 30, 2023	63,663	89,872	12,466	152,883	48,873	383,108	750,864

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

8. LOAN RECEIVABLE

During the nine months ended September 30, 2023, the Company entered into an agreement with Valitar Participações S.A. ("Valitar") for a non-revolving credit facility of R\$10,000,000 (\$2,752,000), with the full facility drawn down at September 30, 2023. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. Valitar is a special purpose vehicle incorporated in Brazil for the purpose of acquiring surface rights so that the Company ultimately benefits from royalties owing to landowners.

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.

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.

The loan receivable was initially recognized at a fair value of R\$6,488,774 (\$1,785,711) using a discount rate of 20% and measured at amortized cost. An amount of R\$3,511,266 (\$961,645) was recorded to exploration and evaluation expenses, under mineral license and land acquisition as a result of this valuation. Accrued interest income of R\$25,228 (\$6,931) and R\$25,776 (\$7,082) and accretion of discount of R\$301,877 (\$82,943) and R\$308,440 (\$84,740) related to this loan receivable was recorded for the three and nine months ended September 30, 2023 respectively.

9. LEASE LIABILITY

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

As at December 31, 2022	\$	247,570
Leases assumed during the period		347,504
Lease accretion		25,136
Lease payments		(158,917)
Lease extinguishment		(21,601)
Foreign exchange		14,899
As at September 30, 2023	\$	454,591
Current portion of lease liability	\$	220,876
Long-term portion of lease liability	\$	233,715

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 nine months ended September 30, 2023, MGLIT signed lease agreements for dormitories and warehouses, located in Araçuaí and Salinas, MG. These agreements are for terms of 30 to 36 months. Monthly rent payments for these new agreements total R\$40,562 (\$10,940). An estimated incremental borrowing rate of 7.5% per annum was used.

During the period, the Company terminated a lease agreement entered into the prior year. As a result, a loss of \$835 was recorded on the statement of loss and comprehensive loss.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

9. LEASE LIABILITY (continued)

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	940,479	253,647
Payments due in 1-3 years	942,918	254,305

10. ACQUISITION OF MINING LICENSES

In January 2023, the Company entered into a binding share purchase agreement with Exotic Mineração Ltda. ("Exotic"). Pursuant to which MGLIT has the option to acquire up to a 100% interest in Vale Do Lítio Mineração Ltda. ("Vale Lítio"), who has a 100% beneficial ownership interest in three lithium mining claims in Minas Gerais. The Company has acquired an initial 2.78% equity ownership interest in Vale Lítio through a payment to Exoitic of R\$900,000 (approximately \$235,000) in cash. The Company may acquire the following ownership interest through the following payments to Exotic:

- R\$500,000 (\$129,947) in cash to acquire an additional 1.54% equity ownership in Vale Lítio on or before February 20, 2023 (paid in February 2023);
- R\$500,000 in cash to acquire an additional 1.54% equity ownership in Vale Lítio on or before July 20, 2023 (paid in July 2023);
- R\$500,000 in cash to acquire an additional 1.54% equity ownership in Vale Lítio on or before February 20, 2024;
- R\$30,000,000 in cash to acquire an additional 92.6% equity ownership in Vale Lítio on or before July 20, 2024.

If the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale claims of at least six million tonnes with an average content greater than 1.3% Li₂O, the Company shall pay Exotic a cash bonus of R\$10,000,000. The Company may terminate the agreement at any time without incurring any additional financial penalties.

In February 2023, the Company, through MGLIT, acquired a strategic mining claim from Clésio Alves Gonçalves Mineração E Comercio Ltda. ("Clesio"). The Company paid R\$500,000 (\$129,947) in cash to acquire the claim. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li₂O 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

11. 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 40% of the Salinas claims from its acquisition of Neolit, all located in Minas Gerais state (MG), Brazil.

In June 2023, the Company acquired land in Araçuaí for consideration of R\$1,000,000 (\$268,617). It is anticipated that this will be developed for administrative use.

Exploration and evaluation expenses are detailed in the following table.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Acquisition of Neolit property (Note 4)	\$ -	\$ -	\$ 19,548,788	\$ -
Drilling and geophysics	9,308,059	1,329,108	20,702,055	1,590,903
Mining licenses and land acquisition (Note 8 & 10)	137,625	4,210,882	1,863,367	4,339,140
Technical reports	627,669	570,924	1,455,045	1,094,981
Project overhead costs	444,194	64,086	1,149,691	106,085
Labour	345,881	19,932	668,896	25,964
Land management fees, taxes and permits	277,612	34,457	697,033	51,175
Professional fees	88,206	5,597	229,938	35,760
Travel, meals and accomodation	16,214	54,149	59,929	91,740
Total exploration and evaluation expenses	\$ 11,245,460	\$ 6,289,135	\$ 46,374,742	\$ 7,335,748

12. COMMON SHARES

Authorized

On September 30, 2023, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares	
	outstanding	Amount
Balance, December 31, 2022	117,079,355	\$ 49,711,875
Bought deal private placement (i)	13,690,635	28,750,334
Share issue costs (i)	-	(1,972,250)
Value of broker warrants (i)	-	(1,635,483)
Acquisition of Neolit (Note 4)	4,000,000	9,400,000
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, September 30, 2023	138,185,554	\$ 86,289,765

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

12. COMMON SHARES (continued)

- (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 155.66%; 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 nine months ended September 30, 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 nine months ended September 30, 2023, 3,145,564 warrants were exercised at a weighted-average price of \$0.35 per common share, generating proceeds of \$1,108,265.

13. EQUITY RESERVES

Warrants

The changes in warrants issued during the nine months ended September 30, 2023 are as follows:

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, December 31, 2022	4,208,449	\$ 0.64	\$ 1,000,896
Granted, Neolit acquisition (Note 4)	1,500,000	2.25	1,807,500
Granted, broker warrants (Note 12)	821,438	2.10	1,635,483
Exercised	(3,144,811)	\$ 0.35	\$ (418,754)
Expiry	(170)	\$ 0.16	\$ (15)
Balance, September 30, 2023	3,384,906	\$ 1.98	\$ 4,025,110

The following table summarizes the warrants outstanding as of September 30, 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 Years	Expected dividend yield
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	1,807,500	74%	3.31%	3.00	0%
821,438	821,438	31-Jul-23	31-Jul-25	2.10	1,635,483	156%	4.67%	2.00	0%
3,384,906	1,884,906				4,025,110				

The weighted-average remaining contractual life of the warrants as of September 30, 2023 is 1.83 years (December 31, 2022: 1.22 years).

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

13. EQUITY RESERVES (continued)

Share-based payments

The changes in stock options issued during the nine months ended September 30, 2023 are as follows:

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2022	11,577,000	\$ 1.02	\$ 6,773,242
Granted	200,000	2.89	336,600
Exercised	(270,000)	1.20	(184,271)
Balance, September 30, 2023	11,507,000	\$ 1.05	\$ 6,925,571

During the nine months ended September 30, 2023, the Company granted 200,000 stock options to consultants of the Company at an exercise price of \$2.89 expiring five years from the date of grant (September 30, 2022: 10,070,000 stock options granted at a weighted average exercise price of \$0.87). These options vested immediately. The grant date fair value of these options was estimated to be \$336,600 (September 30, 2022: \$5,033,246) using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 66.36% based on the volatility of comparable companies; risk-free interest rate of 3.57%; and an expected life of 5 years.

During the nine months ended September 30, 2023, 270,000 of the Company's options were exercised at a weighted-average exercise price of \$1.20 generating proceeds of \$324,000 (period ended September 30, 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 (September 30, 2022: \$1.56).

For the three and nine months ended September 30, 2023, \$nil and \$336,600 in share-based compensation has been recognized in the consolidated statements of loss and comprehensive loss respectively (three and nine months ended September 30, 2022: \$105,750 and \$5,033,246 respectively).

Options outstanding as of September 30, 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 Years	Expected dividend yield
6,280,000	6,280,000	20-Apr-22	20-Apr-27	0.70	2,463,644	65%	2.63%	5.00	0%
2,690,000	2,690,000	1-Jun-22	1-Jun-27	1.24	1,898,333	66%	2.86%	5.00	0%
250,000	250,000	13-Jun-22	13-Jun-27	1.06	209,425	66%	3.48%	5.00	0%
150,000	150,000	5-Aug-22	5-Aug-27	1.22	105,750	67%	2.90%	5.00	0%
1,937,000	1,937,000	3-Nov-22	3-Nov-27	1.69	1,911,819	67%	3.59%	5.00	0%
200,000	200,000	27-Feb-23	27-Feb-28	2.89	336,600	66%	3.57%	5.00	0%
11,507,000	11,507,000				6,925,571				

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

14. CAPITAL MANAGEMENT

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

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

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the three and nine months ended September 30, 2023.

15. FINANCIAL INSTRUMENTS

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

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

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

The Company's financial instruments include cash, amounts receivable, loan receivable, accounts payable and accrued liabilities and lease liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at September 30, 2023, the Company's financial instruments that are carried at fair value, being cash equivalents and loan receivable, are classified as Level 2 and Level 3 respectively within the fair value hierarchy.

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

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

15. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk

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

a. Trade credit risk

The Company is not exposed to significant trade credit risk.

b. Cash

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

c. Loan receivable

The Company expects the loan receivable will be repaid on time but cannot assure this with certainty. The face value of the loan receivable, R\$10,000,000 (\$2,697,000) represents the maximum credit exposure.

(b) Currency risk

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

As at September 30, 2023 and December 31, 2022, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

September 30, 2023		
	Brazilian reals	US dollars
Cash	\$ 1,837,440	\$ 63,918
Loan receivable	1,840,160	-
Accounts payable and accrued liabilities	(3,573,606)	(2,096,929)
Lease liabilities	(454,591)	-
	\$ (350,598)	\$ (2,033,011)

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

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

15. FINANCIAL INSTRUMENTS (continued)

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately \$35,000 (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 \$203,000 (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 September 30, 2023, the Company had a cash balance of \$22,696,431 (December 31, 2022 - \$31,492,788) to settle current liabilities of \$6,135,142 (December 31, 2022 - \$2,119,504). Of the current liabilities, approximately \$3,300,000 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.

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the nine months ended September 30, 2023 and 2022, the remuneration of directors and other key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Management and Consulting fees	\$ 545,818	\$ 492,428	\$1,578,092	\$1,867,959
Share-based compensation	-	-	-	3,690,575
Total	\$ 545,818	\$ 492,428	\$1,578,092	\$5,558,534

As at September 30, 2023, an amount of approximately \$127,700 (December 31, 2021 - \$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 three and nine months ended September 30, 2023, the Company paid \$15,000 and \$34,936 respectively to Troilus Gold Corp. for office space, administrative services and reimbursable costs. As at September 30, 2023, a balance of \$nil is payable to Troilus Gold Corp. Mr. Blake Hylands, the Company's Chief Executive Officer, is a former officer of Troilus Gold Corp. As well, 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

16. RELATED PARTY TRANSACTIONS (continued)

Also during the three and nine months ended September 30, 2023, the Company paid \$17,410 and \$52,230 respectively to Falcon Metais Ltda. for various administrative services. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda.

The Company also loaned approximately R\$10,000,000 (\$2,697,000) to Valitar Participacoes Ltda., a company in which Mr. Helio Diniz indirectly owns a 90% interest and of which he is an officer, in order to acquire additional land titles and/or land leases. This balance has been recorded as a loan receivable.

17. SEGMENT INFORMATION

The Company conducts its business as a single operating segment, being mineral exploration and evaluation in Brazil. The following table summarizes the total assets and liabilities by geographic segment as at September 30, 2023 and December 31, 2022:

September 30, 2023	Brazil	Canada	Total
Cash and cash equivalents	\$ 1,837,440	\$ 20,858,991	\$ 22,696,431
Amounts receivable	-	313,953	313,953
Prepaid expenses	353,473	207,236	560,709
Equipment	750,864	-	750,864
Loan receivable	1,840,160	-	1,840,160
Total Assets	\$ 4,781,937	\$ 21,380,180	\$ 26,162,117
Accounts payable and accrued liabilities	\$ 3,573,606	\$ 2,340,660	\$ 5,914,266
Lease liabilities	454,591	-	454,591
Total Liabilities	\$ 4,028,197	\$ 2,340,660	\$ 6,368,857
December 31, 2022	Brazil	Canada	Total
Cash and cash equivalents	\$ 307,929	\$ 31,184,859	\$ 31,492,788
Amounts receivable	-	572,150	572,150
Prepaid expenses	296,894	129,969	426,863
Equipment	345,742	-	345,742
Total Assets	\$ 950,565	\$ 31,886,978	\$ 32,837,543
Accounts payable and accrued liabilities	\$ 484,615	\$ 1,524,097	\$ 2,008,712
Lease liabilities	247,570	-	247,570
Total Liabilities	\$ 732,185	\$ 1,524,097	\$ 2,256,282

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

17. SEGMENT INFORMATION (continued)

The following tables summarizes the loss by geographic segment for the three and nine months ended September 30, 2023 and 2022:

September 30, 2023	Three months ended		
	Brazil	Canada	Total
Other income	\$ (24,594)	\$ (204,986)	\$ (229,580)
Exploration and evaluation expenses	11,245,460	-	11,245,460
General and administrative expenses	182,664	1,135,816	1,318,480
Share-based payments	-	-	-
Depreciation	89,697	-	89,697
Accretion expense and lease extinguishment	7,191	-	7,191
Accretion of loan receivable	(82,943)	-	(82,943)
Foreign exchange (gain)/loss	63,277	42,676	105,953
Loss	\$ 11,480,752	\$ 973,506	\$ 12,454,258

September 30, 2022	Three months ended		
	Brazil	Canada	Total
Other income	\$ (182)	\$ (79,824)	\$ (80,006)
Exploration and evaluation expenses	6,289,135	-	6,289,135
General and administrative expenses	24,852	521,588	546,440
Share-based payments	-	105,750	105,750
Depreciation	4,016	-	4,016
Accretion expense	1,019	-	1,019
Foreign exchange (gain)/loss	87,128	(2,918)	84,210
Loss	\$ 6,405,968	\$ 544,596	\$ 6,950,564

September 30, 2022	Nine months ended		
	Brazil	Canada	Total
Other income	\$ (43,667)	\$ (623,602)	\$ (667,269)
Exploration and evaluation expenses	46,374,742	-	46,374,742
General and administrative expenses	243,447	3,851,925	4,095,372
Share-based payments	-	336,600	336,600
Depreciation	181,325	-	181,325
Accretion expense and lease extinguishment	25,994	-	25,994
Accretion of loan receivable	(84,740)	-	(84,740)
Foreign exchange (gain)/loss	284,080	(3,655)	280,425
Loss	\$ 46,981,181	\$ 3,561,268	\$ 50,542,449

September 30, 2022	Nine months ended		
	Brazil	Canada	Total
Other income	\$ (2,020)	\$ (125,377)	\$ (127,397)
Exploration and evaluation expenses	7,335,748	-	7,335,748
General and administrative expenses	30,797	7,186,311	7,217,108
Foreign exchange (gain)	-	-	-
Share-based payments	-	5,033,246	5,033,246
Depreciation	5,615	-	5,615
Accretion expense	1,216	-	1,216
Foreign exchange (gain)/loss	85,408	(10,369)	75,039
Loss	\$ 7,456,764	\$ 12,083,811	\$ 19,540,575

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

18. COMMITMENTS AND CONTINGENCIES

Environmental

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

General

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

Management Contracts

The Company is party to certain management contracts. As of September 30, 2023, these contracts require payments of approximately \$4,110,000 (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 \$2,130,000 (December 31, 2022 - \$1,764,000) pursuant to the terms of these contracts as of September 30, 2023. As a triggering event has not taken place on September 30, 2023, these amounts have not been recorded in these consolidated financial statements.

Other

Subject to the asset purchase agreement between Galvani Nordeste Mineracao Ltd. ("Galvani") and MGLIT, entered into in September 2022, if, by March 12, 2024, the Company, through an independent qualified person, defines an inferred mineral resource estimate of a minimum of 5Mt with a Li₂O content above 1.3%, the Company shall, at Galvani's discretion, (i) issue such number of Lithium Ionic shares equal to USD\$2 million calculated using the 7 day VWAP of the Lithium Ionic shares on the TSX Venture Exchange ending on the effective date of the technical report evidencing such mineral resource estimate subject to a minimum price per share of \$0.904, or (ii) pay USD\$2 million in cash to Galvani on the effective date of the technical report evidencing such mineral resource estimate. As at September 30, 2023, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

Subject to the agreement to acquire mineral claims from Mineracao Borges Ltda. in December 2022, upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li₂O content over 1.3% within June 21, 2024, the Company shall pay an additional R\$15,000,000. As at September 30, 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\$500,000 on or before February 20, 2024 to acquire an additional 1.54% interest; and R\$30,000,000 on or before July 20, 2024 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022

Expressed in Canadian Dollars - Unaudited

18. COMMITMENTS AND CONTINGENCIES (continued)

Subject to the agreement with Clesio, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li₂O by August 13, 2025, the Company shall pay Clesio a cash bonus of USD\$1,000,000. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least five million tonnes with an average content greater than 1.3% Li₂O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD\$1,000,000.

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% Li₂O.

See Notes 1, 4, 9 and 10.

19. SUBSEQUENT EVENTS

In October, the Company announced that it entered into an agreement with Cemig Distribuicao S.A. ("Cemig") to facilitate the construction and electrification of essential power infrastructure between Cemig's existing power grid and the future Bandeira lithium operation which is located approximately 3 kilometres away. The total project is expected to be approximately R\$17 million (\$4.65 million). Following completion of the project, the Company is eligible for reimbursement of up to R\$2.98 million (\$816,000) subject to certain requirements.