Date: June 5, 2026

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

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

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

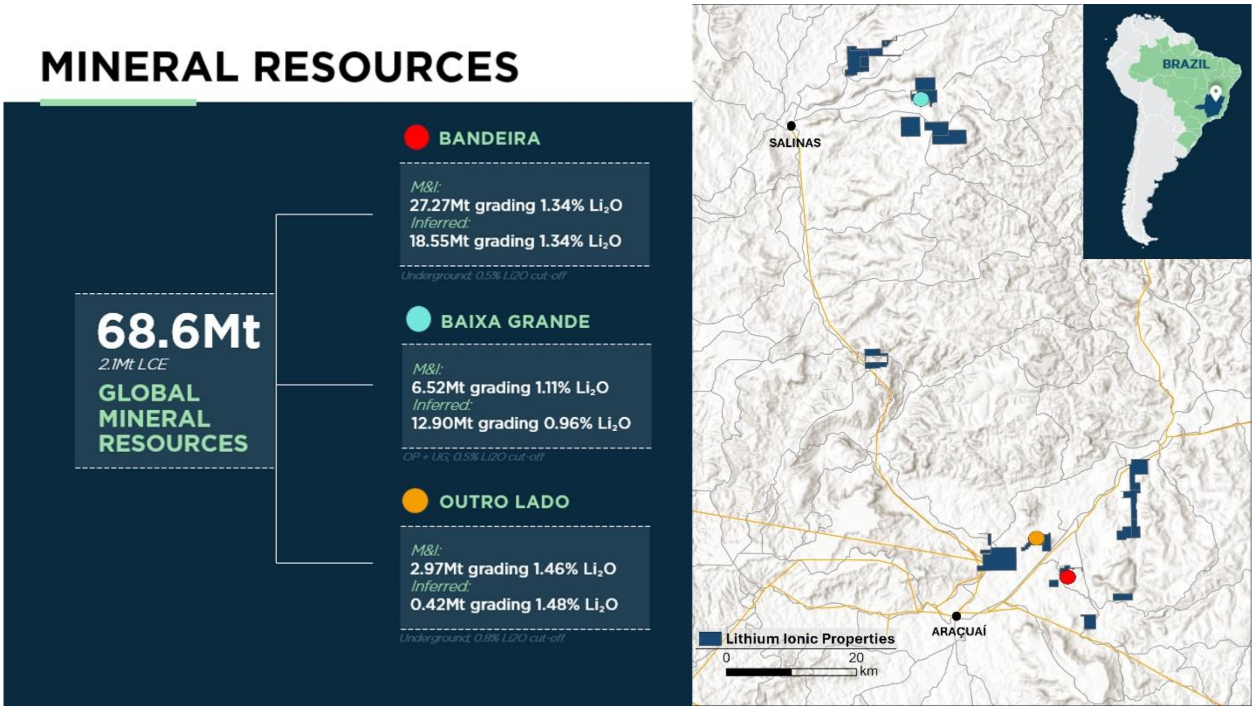
The scientific and technical contents of this MD&A have been reviewed and approved by Carlos H.C. Costa, P.Geo (APGO), Qualified Person under National Instrument 43-101 ("**NI 43-101**").

The Board of Directors of the Company has reviewed this MD&A and the consolidated financial statements for the three months ended March 31, 2026, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

Lithium Ionic Corp. is a publicly traded Canadian exploration and development company listed on the TSX Venture Exchange ("**TSXV**"). The Company is engaged in the acquisition, exploration, and development of mineral properties with a primary focus on lithium assets located in Minas Gerais. Exploration is conducted through the Company's wholly owned Brazilian subsidiaries, MGLIT Empreendimentos Ltda. ("**MGLIT**") and Neolit Minerals Participacoes Ltda ("**Neolit**"). Through MGLIT, the Company has a 10% ownership interest in Valitar Participações S.A.("**Valitar**"), a special purpose vehicle incorporated in Brazil for the purpose of acquiring surface rights for the Company. For accounting purposes, management has concluded that the Company has control of Valitar and, in accordance with IFRS 10 *Consolidated Financial Statements*, the Company consolidates the financial statements of Valitar into its own. The Company owns a 100% interest in Lithium Ionic Bandeira Corp., incorporated in the Cayman Islands.

Summary of Properties and Projects



Mineral Exploration Properties

The Company holds certain property interests for lithium exploration in Minas Gerais State (MG) in Brazil.

Itinga Properties

Bandeira Project

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

In July 2024, the Company completed a royalty agreement with Appian Capital Advisory LLP ("Appian") which granted a 2.25% gross revenue royalty to Appian in exchange for upfront cash consideration of US$20,000,000 ($27,454,000). These proceeds are being used to advance the development of the Bandeira project.

On April 2, 2025, the Company announced the engagement of RTEK International DMCC ("RTEK"), a group of experienced hard-rock lithium mining consultants. The RTEK team was integrated into the Bandeira owner's team to progress engineering on the Bandeira project.

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

On March 25, 2026, the Company announced securing off-take agreements with Sichuan Yahu Industrial Group Co., Ltd ("Yahua Group") and Grand Chen Resources Pte. Ltd. ("Grand Chen"), two leading global lithium-ion battery materials producers. The combined offtake will consume 170,000 tonnes per annum of spodumene concentrate output from the Bandeira project for 5x years.

Overall Engineering has advanced to more than 57% completion since the Feasibility Study.

- Basic engineering has been completed on major design packages including plant engineering and primary civil engineering.
- Detailed engineering on raw water and drainage is in the final stage.
- Infrastructure and long-lead tenders are now being deployed as per the Project schedule.
- Commercial momentum is accelerating as the Company has received debt-financing term sheets and is advancing towards binding agreement(s).

<u>Galvani Mining Licenses</u>

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

The two large Licenses are located approximately 2 km to the west of the large Xuxa lithium deposit of Sigma Lithium and approximately 3 km to the northwest of the CBL lithium mining operation. Mineralized pegmatites have been identified on the Licenses.

<u>Borges claims</u>

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

The Company amended this agreement in February 2024 whereby R$50,000 was paid in March 2024 and, upon producing an independent MRE on the claims of 2 million tonnes of Li_2O content over 1.3% by June 5, 2025, the Company shall pay an additional R$14,950,000 (approximately $3,900,000) to the vendor (the "Borges MRE Milestone"). The agreement was further amended in August 2025 pursuant to which 2 of the 3 claims have been dropped from the scope of the transaction and the Borges MRE Milestone has been reduced to R$7,000,000 and the deadline to satisfy the milestone is June 5, 2026. The Company is in the process of obtaining an extension to the above milestone. The Company may terminate this agreement at any time without incurring any financial penalties.

<u>Vale Litio claims</u>

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

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

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

The final payment requirements were recently amended by the Company and Exotic as described below:

- R$500,000 split into four instalments of R$125,000 to be paid on March 5, 2025 (paid $30,863 in March 2025), July 20, 2025 (paid $31,694 in August 2025), January 20, 2026 ($32,150 paid in January 2026) and July 20, 2026 to acquire an aggregate 1.6% equity ownership interest in Vale Litio; and
- R$29,450,000 (approximately $7.4 million) in cash to acquire the remaining 90.85% equity ownership in Vale Litio on or before January 20, 2027.

If the Company establishes a NI 43-101 compliant MRE on the Vale Litio Claims of at least six million tonnes with an average content greater than 1.30% Li_2O, the Company shall pay Exotic a cash bonus of R$10,000,000.00 (approximately $2.5 million). If the Company does not complete the acquisition, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claim areas before January 20, 2027 or pay a fine of R$5,000,000 (approximately $1.3 million). This drilling requirement is waived if the Company completes the acquisition of 100% of Vale Litio.

As of March 31, 2026, the Company has an 8.75% equity ownership interest in Vale Litio.

Salinas Properties

<u>Neolit acquisition - Salinas Claims</u>

In March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"). 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 to the vendor. 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 MRE on the Salinas properties, 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 ($2,090,850) was due on September 10, 2024. This amount remains outstanding at the date of this report and is accruing interest at a rate of prime plus 5%. The founder and CEO of Neolit, Dr. André Guimarães, joined the Company as VP Business Development after the acquisition.

Neolit had a 40% ownership interest in the Salinas properties as of March 2023 and acquired an 85% ownership interest in the properties in October 2023. In June 2024, Neolit acquired the remaining 15% interest for cash consideration of US$2,000,000 ($2,736,200), the issuance of 2,500,000 common shares of the Company valued at $2,000,000, being the fair market value of the shares on the date of issuance, and a deferred payment of US$1,000,000 ($1,378,975) paid on April 4, 2025.

(in Canadian dollars, unless otherwise noted)

Exploration activity

The Company began drilling select targets in April of 2022, and to date has completed over 81,000 metres of drilling at the Itinga properties and over 35,000 metres at the Salinas project, now referred to as the Baixa Grande project, yielding excellent results which were in line with nearby projects and established deposits.

The Company had identified at least twelve different NE-SW trending lithium-bearing spodumene rich pegmatites ("SRP"). These mineralized bodies ranged from 1 to 24 metres in width and traced over a 1 km strike length. The average depth of the mineralized zones intersected to date is approximately 200 metres, however the Company intersected strong lithium grades and thicknesses up to 700 metres down dip. The style of mineralization found to date, characterized by several staked pegmatite vein sets, is consistent with other nearby lithium deposits.

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

The Baixa Grande Project is located in the lithium-rich Aracuai Pegmatite District, which hosts the largest lithium reserves in Brazil. The Salinas properties are located approximately 100 km north of the Itinga claims. Since acquiring the Baixa Grande project through the Neolit acquisition, the Company completed soil geochemistry to help identify priority drill targets. Drill assay results so far have extended the mineralization at Salinas by at least 250 metres along strike. The Company completed an initial MRE at Salinas, prepared by GE21, in 2024. An updated MRE was completed in January 2025, with the technical report filed on February 27, 2025 (please see Mineral Resources below).

Refer to the Company's news releases on www.sedarplus.ca for drilling highlights and assay results for the diamond drill holes completed to date.

A summary of exploration activity is presented below:

1) Itinga (including Bandeira and Outro Lado)

Soil Samples	9,200	
Rock Samples	802	All Targets
Cut Lines (Km)	93.38	
Geological Mapping (Km)	549	
Geological Mapping Points	6,129	
Geological Trench Mapping (Km)	14.86	
Geological Garimpos Mapped	572	
Geotechnical Logging	38,385	
Geotechnical Drilling	1,742	SPT, Rotary and Percussion
Ground Geophysics (km)	16.44	
Galvani Diamond Drilling (m)	7,954	64 DDH Completed
Bandeira Diamond Drilling (m)	60,278	297 DDH Completed

(in Canadian dollars, unless otherwise noted)

2) Salinas

Soil Samples	4,810	
Rock Samples	494	All Targets
Cut Lines (Km)	15.12	
Geological Mapping (Km)	370	
Geological Mapping Points	5,125	
Geological Garimpos Mapped	105	
Geotechnical Logging	2,816	
Ground Geophysics (km)	2.56	
Salinas Diamond Drilling (m)	35,734	167 DDH Completed

Mineral Resource Estimate

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

Mineral Resource Estimate for the Bandeira Project (May 2025)				
Deposit / Cut-Off Grade	Category	Resource (Mt)	Grade (% Li2O)	Contained LCE (kt)
Bandeira (0.5% Li2O)	Measured	3,360,000	1.38	114700
	Indicated	23,910,000	1.33	786400
	Measured + Indicated	**27,270,000**	**1.34**	**901,100**
	Inferred	**18,550,000**	**1.35**	**614,700**

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

(in Canadian dollars, unless otherwise noted)

Maiden Mineral Resource Estimate for the Outra Lado Project (June 2023)				
Deposit / Cut-Off Grade	Category	Resource (tonnes)	Grade (% Li2O)	Contained LCE (t)
Outro Lado (Galvani) Underground (0.8% Li2O)	Measured	2,577,915	1.47	93,691
	Indicated	393,370	1.43	13,908
	Measured + Indicated	**2,971,285**	**1.46**	**107,599**
	Inferred	**415,767**	**1.48**	**15,168**

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

On January 14, 2025, the Company announced an updated NI 43-101 compliant MRE on the Baixa Grande Project, prepared by GE21. This incorporates data from 35,734 metres of drilling completed between May 2023 and September 2024. The potential for significant additional lithium-bearing spodumene mineralization at Baixa Grande remains very high with the completion of additional drilling in the area.

Mineral Resource Estimate for the Baixa Grande Project (December 2024 Cut-off)				
Deposit / Cut-Off Grade	Category	Resource (Mt)	Grade (% Li2O)	Contained LCE (kt)
Open-pit (0.5% Li2O)	Measured	1.08	1.19	31.86
	Indicated	5.44	1.10	147.72
	Measured + Indicated	**6.52**	**1.11**	**179.58**
	Inferred	**11.67**	**0.97**	**280.73**
Underground (0.5% Li2O)	**Measured + Indicated**	**0.00**	**0.00**	**0.00**
	Inferred	**1.23**	**0.83**	**25.19**
TOTAL	**Measured + Indicated**	**6.52**	**1.11**	**179.58**
	Inferred	**12.90**	**0.96**	**305.92**

1. The spodumene pegmatite domains were modeled using composites with Li_2O grades greater than 0.3%
2. The mineral resource estimates were prepared in accordance with the CIM Standards, and the CIM Guidelines, using geostatistical and/or classical methods, plus economic and mining parameters appropriate to the deposit.
3. Mineral Resources are not ore reserves and are not demonstrably economically recoverable.
4. Grades reported using dry density.
5. The effective date of the MRE is December 2, 2024.
6. The QP responsible for the MRE is geologist Leonardo Soares (MAIG #5180).
7. The MRE numbers provided have been rounded to the estimate relative precision. Values cannot be added due to rounding.
8. The MRE is delimited by Lithium Ionic Baixa Grande Target Claims (ANM).
9. The MRE was estimated using ordinary kriging in 16m x 16m x 4m blocks.
10. The MRE report table was produced in Leapfrog Geo software.
11. The reported MRE only contains Fresh Rock Domains.
12. The reported MRE was restricted by interpreting suitable-grade shells using a 0.5% Li_2O cut-off for both Open pit and Underground resources.
13. The MRE was restricted by a pit shell using a selling price of 2750 US$/t Conc., Mining cost of 2.50 US$/ton mined, processing cost of 12.50 US$/ ton ROM and a selling cost of 112.56 US$/t conc.

(in Canadian dollars, unless otherwise noted)

Definitive Feasibility Study – Bandeira Project

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

The updated Feasibility Study builds on the original Definitive Feasibility Study released in May 2024, incorporating a larger mineral resource, and optimized mine and plant design while lowering both capital and operating costs. The processing plant and surface facilities were streamlined using industry-standard equipment and proven fabricated modular process plant segments, reducing fabrication and installation costs. Conservative spodumene price forecasts provided by Fastmarkets were used and royalties, taxes and transportation charges were all included.

in US$

Project Economics	May-24	Sep-25
Post - Tax NPV_8	$1.31 billion	**$1.45 billion**
Post - Tax IRR	40%	**61%**
Pre - Tax NPV_8	$1.57billion	**$1.72 billion**
Pre - Tax IRR	44%	**68%**
Annual Revenue – Life Of Mine ("LOM") Average	$417 million	**$343 million**
Average Annual After-tax Free Cash Flow	$286 million	**$208 million**
Payback	41 months	**26 months**
Production Profile		
Total Project Life (LOM)	14 years	**18.5 years**
Total LOM production (ore mined)	17.2 Mt	**23.2 Mt**
Nominal Plant Capacity	1.3 Mtpa	**1.5 Mtpa**
Average plant throughput	1.23 Mtpa	**1.29 Mtpa**
Total concentrate production (LOM)	2,493 kt SC5.5 (338 kt LCE)	**3,198 kt SC5.2 (411 kt LCE)**
Run-of-Mine grade, Li2O (mine diluted)	1.16%	**1.10%**
Average Annual Production of Spodumene Concentrate @ 5,5% Li2O	178 ktpa (24.2 ktpa LCE)	**177 ktpa (SC5.2)**
Metallurgical recovery (SPO 5.5% Li2O)	68.9%	**65.3%**
CAPEX AND OPEX		
Initial Capital Costs	$266 million	**$191 million**
Sustaining CAPEX	$81 million	**$100 million**
Operating costs (FOB / t SC5.5)	$444/t	**$378/t**
Economic Assumptions & Parameters		
Spodumene Concentrate Price (5.5% Li_2O; LOM Avg)	$2,277/t	**$2,212/t**
Exchange rate (USD: BRL)	$1.00:$5.07	**$1.00:$5.85**
Discount Rate	8%	**8%**

The updated Bandeira mine plan optimizes the mine schedule with the updated resource estimate to maximize early production while minimizing capital cost associated with development.

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

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

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

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

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

Sensitivity analyses completed as part of the FS demonstrate that the Project's value is strongly influenced by the selling price of spodumene concentrate. While capital (CAPEX) and operational (OPEX) costs impact the Net Present Value (NPV), their effects are relatively minor compared to concentrate price fluctuations. Given the expected increase in lithium demand, Bandeira is well-positioned to capitalize on favourable market conditions and benefit from rising spodumene prices.

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

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

<u>Project advancement and optimization opportunities</u>

The Company submitted its application for a Concomitant Environmental License ("LAC", or Licença Ambiental Concomitante) for the Bandeira operation on January 26, 2024. The license is comprised of a preliminary license (LP - Licença Prévia), an installation license (LI – Licença de Instalação), and an Operating License (LO - Licença de Operação).

In February 2025, the Minas Gerais State Secretariat for the Environment and Sustainable Development (SEMAD) issued a positive technical endorsement of the Bandeira Project. During subsequent review by COPAM (the State Council for Environmental Policy of Minas Gerais), a federal prosecutor requested to further evaluate considerations relating to a certain Quilombola traditional community located approximately 11 km north of Bandeira. While this community lies outside of the defined impact zone, the request reflects broader state-wide discussions regarding impact radii and consultation practices, recently raised by the Federal Public Prosecutors Office (MPF) across lithium projects in Minas Gerais. As the State of Minas Gerais remains the competent authority for environmental licensing, it is expected that the prosecutor's queries will be addressed through the state review process before the Bandeira Project returns to COPAM for deliberation. Through Q1 of 2026, the company actively engaged with the local traditional community through establishing terms of reference and a community engagement workplan, holding a community hearing, and completing surveys and a social census to understand any potential impacts to local stakeholders. The Company continues to actively engage with all relevant regulatory agencies, community stakeholders, and traditional communities, ensuring full compliance with Brazilian law and addressing evolving expectations transparently and proactively. These broader deliberations present an important opportunity to strengthen regulatory clarity and reinforce environmental, social, and governance standards across Minas Gerais State. The Company remains confident in a positive outcome for the Bandeira Project and in its ability to meet and exceed these evolving requirements.

Basic and detailed engineering activities have been ongoing focused on project optimization and de-risking. Since the completion of the September 2025 feasibility study, the engineering team has been progressing design activities and firming the project capital cost estimate through progressing detailed engineering and issuing firm bid tenders.

On March 25, 2026, the Company announced securing off-take agreements with Sichuan Yahu Industrial Group Co., Ltd ("Yahua Group") and Grand Chen Resources Pte. Ltd. ("Grand Chen"), two leading global lithium-ion battery materials producers. The combined offtake will consume 170,000 tonnes per annum of spodumene concentrate output from the Bandeira project for 5x years. These agreements feature a 1,000 USD/tonne floor price, securing cashflow during the payback period of the project. In addition to this, a combined USD $20M working capital facility will be provided by the offtakers as a pre-payment facility supporting working capital during start of operations.

With a significant recovery in spodumene prices over Q1 of 2026, the company has seen significant interest in project finance opportunities. The company continues to drive these opportunities forward in conjunction with the close of the project permitting process.

Subject to permit approval, financing and a final investment decision, the Company is anticipating the start of operations to be H2 2027, followed by a normal ramp-up profile for similar scale operations. The schedule incorporates proven technologies, including RTEK's modular plant design, supported by their team's extensive global experience in implementing DMS plants, including successful projects in Brazil.

<u>Sustainability</u>

Lithium Ionic continues to make significant progress in advancing transparent and responsible Environmental, Social, and Governance ("ESG") and sustainability practices, with the goal of aligning its operations with internationally recognized ESG business standards.

In Q1 2026, the Company further strengthened its governance framework through the publication of its *Risk Management Policy* and *Procurement and Supplier Policy,* reinforcing its commitment to structured risk oversight, responsible sourcing, and alignment with ESG best practices across its value chain.

During the same period, Lithium Ionic also continued to strengthen its ESG team with the appointment of Community and Social Relations Manager Andre Vasconcelos and Environment and Permitting Manager Paulo Henrique Lima, enhancing in-country expertise and supporting the Company's growing operational and regulatory requirements.

To uphold high standards of ESG reporting, the Company uses ONYEN Corporation's ESG reporting software, enabling efficient capture, monitoring, and reporting of ESG data in line with globally recognized frameworks. Leveraging this capability, the Company annually publishes its Sustainability Report, ESG Scorecard, and, in 2024, its inaugural TCFD-Aligned Climate Risk Assessment. Together, these reports outline progress in environmental stewardship, community engagement, and the development of key corporate ESG strategies. All reports are available on the Company's website www.lithiumionic.com/sustainability.

Lithium Ionic continues to advance its community outreach efforts, prioritizing transparent communication and engagement with local stakeholders. The Company strengthened relationships in communities surrounding the Bandeira Project through ongoing engagement activities, including educational workshops, community initiatives, and targeted contributions through its Private Social Investment Policy and additional donations to support local needs. Looking ahead, Lithium Ionic will continue to enhance dialogue and collaboration with community groups through the continued implementation of its Social Communication Program and Environmental Education Program (PEA).

Demonstrating its commitment to continuous improvement, Lithium Ionic has also undertaken a self-assessment under the Initiative for Responsible Mining Assurance ("IRMA") Standard for the Bandeira Project. This process evaluates current operational practices against IRMA requirements and prepares the Company for a future audit once production begins. To strengthen this effort, the Company joined the IRMA Mining Group for self-assessing mines, gaining access to valuable industry insights and best practices. In 2025, a Sustainability Committee was established to guide ESG strategy and coordinate cross-departmental initiatives, with a key focus on advancing alignment with the IRMA Standard. One of the Committee's first major undertakings was conducting a comprehensive cross-departmental gap analysis against IRMA requirements to guide the development of clear action plans and strategies.

Lithium Ionic is also signatory to the United Nations Global Compact ("UNGC"), the world's largest corporate sustainability initiative, reaffirming its commitment to the United Nations Sustainable Development Goals and the Compact's Ten Principles relating to human rights, labour, the environment, and anti-corruption. In 2025, the Company published its first UNGC Communication on Progress and joined the UNGC Climate Ambition Accelerator Program, furthering its commitment to climate action and the development of a clear climate strategy as operations advance. The Company is also a member of the International Lithium Association, strengthening its position in the global lithium sector and reinforcing its commitment to responsible industry leadership.

Responsible environmental design included in the updated Feasibility Study includes a mine plan designed to minimize land disturbance and water consumption, supported by a long-term underground mining strategy that reduces dust and noise, optimized processing flowsheet and dry-stacked tailings which are expected to reduce overall water consumption and facilitate faster site rehabilitation to ensure enhanced safety and lower environmental risk versus conventional wet tailings storage.

Looking ahead, the Company remains dedicated to embedding leading ESG standards into its operations and pursuing a systematic approach that drives high performance while fostering sustainable and ethical practices across all areas of the business.

(in Canadian dollars, unless otherwise noted)

Liquidity and Capital Resources

As at March 31, 2026, the Company had working capital of $7,785,756 (December 31, 2025 - $14,438,133). Working capital is a Non-IFRS performance measure. In the mining industry, it is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

	March 31, 2026	December 31, 2025
Current assets:		
Cash and cash equivalents	$ 12,021,586	$ 17,521,608
Amounts receivable	196,323	435,263
Prepaid expenses	810,569	696,943
	13,028,478	18,653,814
Current liabilities:		
Accounts payable and accrued liabilities	5,075,103	4,101,642
Short-term lease liability	167,619	114,039
	5,242,722	4,215,681
Working capital, current assets less current liabilities	$ 7,785,756	$ 14,438,133

In July 2024, the Company completed a royalty arrangement with Appian for gross proceeds of US$20,000,000 ($27,454,000). Transactions costs totaled $1,478,899. The Company granted Appian a gross revenue royalty of 2.25%, with an option to buy back the royalty within the first 5 years for a payment of US$67,500,000 (approximately $91,100,000). The proceeds are intended to support initial development of the Bandeira project. The royalty obligations are secured by charges and share pledges over substantially all current and future assets related to the Bandeira project. The Company classified the royalty arrangement as a liability at amortized cost at March 31, 2026. The royalty-based obligation is recognized as a long-term liability at March 31, 2026.

The Company, through its subsidiary MGLIT, is party to right-of-use lease agreements for warehouses and dormitories. These agreements are for original terms of between 12 and 48 months.

Future payments for right-of-use leases and financing agreements are detailed below:

	Brazil		Canada
	R$	$	$
Payments due within 1 year	579,145	155,095	50,400
Payments due in 1-3 years	572,630	153,350	21,000

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 doubt on the Company's ability to continue as a going concern.

(in Canadian dollars, unless otherwise noted)

Results of Operations

Three months ended March 31, 2026

During the three months ended March 31, 2026, the Company recorded a loss of $6,626,530 or $0.03 per share, with other comprehensive income of $118,557, for a total comprehensive loss of $6,507,973. During the comparative period ended March 31, 2025, net loss was $2,771,134 or $0.02 per share and comprehensive income was $187 with total comprehensive loss of $2,770,947.

During the three months ended March 31, 2026, the Company capitalized expenses related to the Bandeira project, including accretion expense related to the royalty-based obligation. Exploration and evaluation expenses continued to be expensed for non-Bandeira related projects. Exploration and evaluation expenses are presented in the tables below.

	Three months ended March 31,	
	2026	2025
Drilling and geophysics	241,642	230,561
Mining licenses and land acquisition	-	97,736
Technical reports	24,159	115,356
Project overhead costs	85,625	86,259
Labour	-	407
Land management fees, taxes and permits	12,570	7,982
Professional fees	3,952	7,485
Total exploration and evaluation expenses	**$ 367,948**	**$ 545,786**

Much of the activity during the three months ended March 31, 2026 was focused on project development at Bandeira, which resulted in lower exploration costs for the current period compared to the same period last year. The Company capitalized $6,090,043 in project development costs during the three months ended March 31, 2026, including $1,658,167 in accretion of royalty-based obligations, $71,995 in depreciation and $3,745 in lease amortization. The Company capitalized $5,109,663 in project development costs during the three months ended March 31, 2025, including $1,709,065 in accretion of royalty-based obligations, $46,231 in depreciation and $3,905 in lease amortization.

Other expenses for the three months ended March 31, 2026 included:

- $923,389 in consulting and management fees (March 31, 2025: $1,194,354).
- $3,206,206 in share-based compensation (March 31, 2025: $nil).
- $526,068 in professional fees (March 31, 2025: $480,221).
- $930,018 in office and general costs (March 31, 2025: $377,184).
- $198,909 Shareholder communications (March 31, 2025: 243,141)

Consulting and management fees during the there months ended March 31, 2025 was higher compared to the current period mainly due to severance payments of $0.3 million in 2025. Increase in office and general costs during the three months ended March 31, 2026 compared to the comparative period in 2025 was mainly due to taxes paid in Brazil with respect of remittance of funds to Canada relating to an inter-company loan. During the current quarter, $32,570 in interest income was earned (March 31, 2025: $185,745).

(in Canadian dollars, unless otherwise noted)

Summary of quarter results

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

Period	Interest income $	Income (Loss) $	Other comprehensive income (loss) $	Net comprehensive income (loss) $	Income (Loss) per share, basic and diluted $
Q1- March 2026	32,570	(6,626,530)	118,557	(6,507,973)	(0.03)
Q4- December 2025	57,643	(3,950,758)	(109,324)	(4,060,082)	(0.02)
Q3- September 2025	12,478	4,627,814	(24,973)	4,602,841	0.03
Q2- June 2025	31,069	(1,818,244)	(12,965)	(1,831,209)	(0.01)
Q1- March 2025	185,745	(2,771,134)	187	(2,770,947)	(0.02)
Q4- December 2024	145,812	(2,900,155)	6,192	(2,893,963)	(0.02)
Q3- September 2024	103,264	(4,567,961)	-	(4,567,961)	(0.03)
Q2- June 2024	23,519	(14,817,785)	-	(14,817,785)	(0.10)

Income/(Loss) and comprehensive income/(loss) fluctuates in response to the level of exploration carried out and can vary period to period. Exploration expenditures are expensed to loss and comprehensive loss as incurred. Exploration activity in particular was higher during 2023 with higher drilling levels and the release of the PEA. In Q2-2024, the Company acquired the remaining portion of the Baixa Grande project, which was also treated as an asset acquisition, resulting in an increase to loss during that period. During Q3-2024, the Company began capitalizing development costs related to the Bandeira project, which reduced the impact on net loss on the subsequent quarters. Income recognized in Q3-2025 resulted from a remeasurement of the royalty-based obligation. Increase in loss during the current quarter is due to share-based compensation expenses relating to fully vested stock options granted in January 2026.

Cash flows

<u>Three months ended March 31, 2026</u>

During the three months ended March 31, 2026, the Company used cash of $1,854,908 in operating activities (March 31, 2025: $937,116). Non-cash working capital provided $1,089,208 during the three months ended March 31, 2026 (March 31, 2025: $1,771,524). The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds, while a decrease in a liability (or an increase in an asset) account is a use of funds.

During the three months ended March 31, 2026, investing activities used $4,193,810 in cash (March 31, 2025: $3,364,899). The Company capitalized $4,189,846 under development costs for the three months ended March 31, 2026 (March 31, 2025: $3,352,854). The Company also acquired $3,964 in equipment during the current period (March 31, 2025: $12,045).

During the three months ended March 31, 2026, cash provided by financing activities was $539,618 including proceeds from exercise of warrants of $590,670 and payments on lease liabilities of $51,052 (March 31, 2025: payment on lease liabilities of $62,120).

The effect of exchange rate changes on cash held in foreign currency provided $9,078 in cash (March 31, 2025: used $30,438 in cash).

OFFTAKE AGREEMENTS

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

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

The pricing mechanism includes a minimum sales price of US$1,000 per tonne of 6% spodumene concentrate, with no maximum price cap. Prices will be indexed to prevailing market reference prices without discount, providing the Company with downside protection while maintaining full exposure to potential upside in lithium market prices.

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

FINANCIAL INSTRUMENTS

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

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The Company's financial instruments recorded at fair value fall under level 1.

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

(a) *Credit risk*

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

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

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

(b) *Currency risk*

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

As at March 31, 2026, the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

	Brazilian reals	US dollars
Cash	$ 708,043	$ 8,851,017
Accounts payable and accrued liabilities	(1,685,474)	(2,094,931)
Lease liabilities	(259,806)	-
Royalty-based obligations	-	(30,625,712)
	$ (1,237,237)	$ (23,869,626)

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately $123,000 (March 31, 2025 - $13,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately $1,193,000 (March 31, 2025 - $899,000).

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2026, the Company had a cash and cash equivalents balance of $12,021,586 (December 31, 2025 - $17,521,608) to settle current liabilities of $5,242,722 (December 31, 2025 - $4,215,681). Of the current liabilities, approximately $3.9 million 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.

Critical Accounting Policies

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

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

Share-based payments and warrants

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

Transition from the exploration stage to the development stage

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

Impairment of non-financial assets

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

Classification of royalty as a royalty-based obligation

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

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.

Commitments and Contingencies

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

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

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

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

The Company is party to certain management contracts. As of March 31, 2026, these contracts require payments of approximately $7,494,000 (December 31, 2025 - $7,449,000) 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 $2,550,000 (December 31, 2025 - $2,543,000) pursuant to the terms of these contracts as at March 31, 2026. As a triggering event has not taken place at March 31, 2026, these amounts have not been recorded in the condensed interim consolidated financial statements for the three months ended March 31, 2026.

Subject to the amended agreement to acquire now one mineral claim from Mineracao Borges Ltda., upon producing an independent NI 43-101 compliant MRE on the claim of 2 million tonnes of Li_2O content over 1.3% by June 5, 2026, the Company shall pay an additional R$7,000,000. The Company is in the process of obtaining an extension to the above milestone. As at March 31, 2026, 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 scheduled to pay R$125,000 on July 20, 2026 and R$29,450,000 on or before January 20, 2027 to acquire the remaining 91.25% interest. As well, if the Company establishes a NI 43-101 compliant MRE on the Vale Litio claims of at least six million tonnes with an average content greater than 1.3% Li2O, the Company shall pay Exotic a cash bonus of R$10,000,000. If the Company terminates this agreement, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claims area by January 20, 2027 or pay a fine of R$5,000,000. This drilling obligation is waived if the acquisition is completed.

Subject to the acquisition of Neolit, 1,500,000 warrants were issued as part of the consideration are exercisable at a price of $2.25 until March 10, 2026 and only vest if the Company establishes an independent NI 43-101 compliant MRE on the Baixa Grande Project of at least 20 million tonnes with an average grade greater than 1.3% Li_2O. The Warrants were not exercised and expired on March 10, 2026.

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

As part of the termination, Neolit Minerals Participações Ltda., the Company's wholly owned Brazilian subsidiary, divested its minority interests in the special purpose companies ("SPCs") associated with the K2 Option Agreement, completing the Company's withdrawal from the transaction.

The decision to terminate the agreement reflects Lithium Ionic's continued focus on disciplined capital allocation and prioritizing its most advanced and value-accretive assets in Brazil's Lithium Valley, including the advancement of the Bandeira Project towards construction.

Transactions with Related Parties

As at March 31, 2026 an amount of approximately $467,000 (December 31, 2025 - $521,000), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. This includes some unbilled bonuses from 2024. Such amounts are unsecured and non-interest bearing. As well, related to the Neolit acquisition, an amount of US$1,500,000 ($2,090,850) plus accrued interest is owed to an officer of the Company.

During the three months ended March 31, 2026, the Company paid $1,125 (March 31, 2025: $74,000) to Troilus Mining Corp. for office space, administrative services and reimbursable costs. As at March 31, 2026, a balance of $nil (December 31, 2025: $10,744) is payable to Troilus Mining Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a Director of Troilus Mining Corp.

Also during the three months ended March 31, 2026, the Company paid $638 (March 31, 2025: $10,248) to Falcon Metais Ltda. for various administrative services. As at March 31, 2026, a balance of $638 (December 31, 2025: $nil) is payable to Falcon Metais Ltda., while a balance of $nil (December 31, 2025: $901) is recorded as prepaid expense. Mr. Helio Diniz is an officer of Falcon Metais Ltda.

During 2023, the Company 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 ($2,678,000), with the full facility drawn down at March 31, 2026. 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. The Company is in the process of rescheduling the date of payment. 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. As Valitar is controlled by the Company, this loan is eliminated on consolidation.

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(in Canadian dollars, unless otherwise noted)

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three months ended March 31, 2026, the remuneration of directors and other key management personnel is as follows:

	Three months ended March 31,	
	2026	2025
Management and Consulting fees	$ 720,749	$ 1,035,085
Share-based compensation	1,925,710	-
Total	**$ 2,646,459**	**$ 1,035,085**

Off-balance sheet arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Risk Factors

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

Substantial Capital Requirements and Liquidity

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

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations, and no revenues. Even if the Company's exploration program on one or more of the properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which would result in dilution to the Company's shareholders.

Limited Operating History

The Company is a relatively new company with limited operating history. The Company only recently acquired its interest in its material properties and the Company has no history of business or mining operations, revenue generation or production history. The Company has yet to generate a profit from their activities. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Calculation of Mineral Resources and Mineral Reserves

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

Fluctuating Mineral Prices

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

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

Regulatory, Permit and License Requirements

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

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

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to some or all the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto.

Competition

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

Reliance on Management and Dependence on Key Personnel

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

Environmental Risks

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

Local Resident Concerns

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

Foreign Operations

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

Uninsurable Risks

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

Litigation

The Company and/or its directors or officers may be subject to a variety of civil or other legal proceedings, with or without merit.

Outstanding Share Data

As at the date of this MD&A, the Company has:

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

SUBSEQUENT EVENTS

On April 10, 2026, the Ontario Securities Commission announced enforcement proceedings involving another reporting issuer, certain of its directors and officers, and an individual related to the alleged misconduct. Certain individuals named in that proceeding have current or former associations with the Company. The Company is not a respondent in the OSC proceeding, no allegations have been made against the Company, and no orders or remedies have been sought against it. The allegations remain unproven.

The Company has confirmed that it holds valid and registered title to its Brazilian mineral claims, including its 100%-owned Bandeira Lithium Project, supported by independent legal title opinions and publicly available records maintained by Brazil's National Mining Agency. These records do not indicate prior ownership by the issuer referenced in the OSC proceeding.

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

Subsequent to March 31, 2026 and following the OSC announcement, all officers and board members who were involved or named in the OSC proceeding tendered their resignations from the Board of Directors. These resignations are being made in the interest of maintaining effective governance, preserving Board independence, and minimizing potential distraction to the Company, and do not constitute, and should not be interpreted as, admission of guilt, liability, or wrongdoing by any individual. The Company is in the process of implementing a board transition plan that aligns with best practices in corporate governance and applicable stock exchange requirements.

As a result of the OSC proceedings involving certain former directors and officers and the related governance matters addressed above, the Company's preparation and completion of its audited annual financial statements experienced delays. The Company filed the temporary management cease trade order (MCTO) application with the OSC due to an anticipated delay in filing its audited annual financial statements and MD&A for the year ended December 31, 2025, and the certification of the foregoing filings as required by National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the "**Required Filings**"). The Required Filings were required to be filed by April 30, 2026. The OSC has accepted the Company's application.

The MCTO prohibits the chief executive officer and the chief financial officer of the Company (collectively, the "**Restricted Persons**") from trading in securities of the Company for so long as the Required Filings are not filed and the MCTO remains in effect. The issuance of the MCTO does not affect the ability of persons other than the Restricted Persons to trade in the Company's securities.

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

Management does not believe these changes will materially impact the Company's ability to execute its strategic objectives, including advancement of the Bandeira Lithium Project.

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

In light of the foregoing, management has undertaken a review of the Company's disclosure controls and procedures and believes they remain adequate and effective to ensure that material information relating to the Company is disclosed accurately, timely, and in compliance with applicable securities legislation.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains, or incorporates by reference, "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the future performance of Lithium Ionic, Lithium Ionic's mineral properties, the future price of lithium, the estimation of mineral resources and mineral reserves, results of exploration activities and studies, the realization of mineral resource estimates, exploration activities, costs and timing of the development of new deposits, the acquisition of additional mineral resources, the results of future exploration and drilling, costs and timing of future exploration of the mineral projects, requirements for additional capital, management's skill and knowledge with respect to the exploration and development of mining properties in Brazil, government regulation of mining operations and exploration operations, timing and receipt of approvals and licenses under mineral legislation, the Company's local partners, and environmental risks and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks associated with the Company's dependence on the mineral projects; general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; risks associated with dependence on key members of management; conclusions of economic evaluations and studies; currency fluctuations (particularly in respect of the Canadian dollar, the United States dollar, the Brazilian real and the rate at which each may be exchanged for the others); future prices of lithium; uncertainty in the estimation of mineral resources; exploration and development risks; infrastructure risks; inflation risks; defects and adverse claims in the title to the projects; accidents, political instability, insurrection or war; labour and employment risks; changes in government regulations and policies, including laws governing development, production, taxes, royalty payments, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; insufficient insurance coverage; the risk that dividends may never be declared; and liquidity and financing risks related to the global economic crisis. Such forward-looking statements are based on a number of material factors and assumptions, including; that contracted parties provide goods and/or services on the agreed timeframes; that ongoing contractual negotiations will be successful and progress and/or be completed in a timely manner; that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of lithium. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated, or intended. Forward-looking statements contained herein are made as of the date of this MD&A. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

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