Lithium Ionic Corp.

Condensed Interim
Consolidated Financial Statements

For the three and nine months ended September 30, 2024 and 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, 2024**	December 31, 2023
ASSETS			
Current			
Cash and cash equivalents	5	**$ 28,139,437**	$ 11,167,803
Amounts receivable		**339,836**	336,155
Prepaid expenses		**471,364**	511,679
Total current assets		**28,950,637**	12,015,637
Long-term			
Project development	6	**2,606,684**	-
Property and equipment	7	**863,484**	1,184,553
Total assets		**$ 32,420,805**	$ 13,200,190
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	17	**$ 6,660,688**	$ 4,526,494
Short-term lease liabilities	8	**192,057**	256,168
Total current liabilities		**6,852,745**	4,782,662
Long-term lease liabilities	8	**94,633**	238,872
Royalty-based obligations	10	**25,635,915**	-
Total liabilities		**32,583,293**	5,021,534
SHAREHOLDERS' EQUITY			
Common shares	13	**101,757,300**	86,507,486
Warrant reserve	14	**5,390,397**	3,302,389
Option reserve	14	**9,956,439**	9,585,689
Accumulated deficit		**(117,266,624)**	(91,216,908)
Total shareholders' equity		**(162,488)**	8,178,656
Total liabilities and shareholders' equity		**$ 32,420,805**	$ 13,200,190

Nature of operations and going concern	1
Commitments and contingencies	19

Approved on behalf of the Board of Directors:

Signed: *Michael Shuh*, Director
Signed: *Lawrence Guy*, Director

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Expenses					
Exploration and evaluation expenses	4,11,12	**$ 3,032,100**	$ 11,718,979	**$ 17,559,939**	$ 46,588,141
Consulting and management fees	17	**793,912**	671,060	**4,528,298**	1,911,126
Shareholder communications		**196,855**	190,161	**671,671**	688,905
Professional fees		**276,738**	314,196	**1,793,078**	946,974
Office and general		**206,724**	194,135	**746,647**	599,439
Depreciation	7	**59,790**	89,697	**318,157**	181,325
Share-based compensation	14	**-**	-	**612,300**	336,600
(Loss) for the period before other items		**$ (4,566,119)**	$(13,178,228)	**$(26,230,090)**	$(51,252,510)
Other items					
Interest income		**103,264**	224,067	**195,520**	661,606
Interest and financing fees	4, 9	**(10,163)**	-	**(46,012)**	-
Accretion on royalty based obligation	10	**(85,139)**	-	**(85,139)**	-
Lease accretion expense	8	**(3,849)**	(7,191)	**(24,281)**	(25,136)
Lease extinguishment		**-**	-	**-**	(858)
Foreign exchange (loss)		**(5,955)**	(119,366)	**(101,821)**	(291,954)
Net (loss) and comprehensive (loss) for the period		**$ (4,567,961)**	$(13,080,718)	**$(26,291,823)**	(50,908,852)
Basic and diluted (loss) per share		**$ (0.03)**	$ (0.10)	**$ (0.18)**	$ (0.41)
Weighted average number of common shares outstanding					
Basic and diluted		**158,579,158**	133,666,435	**146,802,228**	124,645,182

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, 2022	**117,079,355**	**$ 49,711,875**	**4,208,449**	**$ 1,000,896**	**11,577,000**	**$ 6,773,242**	**$ (26,904,752)**	**$ 30,581,261**
Bought deal private placement	13,690,635	28,750,334	-	-	-	-	-	28,750,334
Share issue costs - broker warrants	-	(1,017,762)	821,438	1,017,762	-	-	-	-
Share issue costs	-	(1,972,250)	-	-	-	-	-	(1,972,250)
Acquisition of Neolit Minerals Participacoes Ltda.	4,000,000	9,000,000	1,500,000	1,702,500	-	-	-	10,702,500
Share-based compensation	-	-	-	-	2,490,000	3,008,710	-	3,008,710
Options exercise	270,000	508,271	-	-	(270,000)	(184,271)	-	324,000
Warrants exercise	3,145,564	1,527,018	(3,144,811)	(418,754)	-	-	-	1,108,264
Expiry of warrants	-	-	(170)	(15)	(15,000)	(11,992)	12,007	-
Loss and comprehensive loss for the period	-	-	-	-	-	-	(64,324,163)	(64,324,163)
Balance, December 31, 2023	**138,185,554**	**$ 86,507,486**	**3,384,906**	**$ 3,302,389**	**13,782,000**	**$ 9,585,689**	**$ (91,216,908)**	**$ 8,178,656**
Balance, December 31, 2023	**138,185,554**	**$ 86,507,486**	**3,384,906**	**$ 3,302,389**	**13,782,000**	**$ 9,585,689**	**$ (91,216,908)**	**$ 8,178,656**
Private placement unit financing	17,769,778	15,992,800	-	-	-	-	-	15,992,800
Value of warrants on unit financing	-	(2,007,994)	8,884,888	2,007,994	-	-	-	-
Share issue costs		(741,099)	-	-	-	-	-	(741,099)
Finder's warrants on unit financing	-	(112,766)	569,527	112,766	-	-	-	-
Shares issued for property acquisition	2,500,000	2,000,000	-	-	-	-	-	2,000,000
Exercise of warrants	123,826	118,873	(123,826)	(32,195)	-	-	-	86,678
Expiry of warrants	-	-	(2,142)	(557)	-	-	557	-
Share-based compensation	-	-	-	-	1,570,000	612,300	-	612,300
Expiry of options	-	-	-	-	(225,000)	(241,550)	241,550	-
Loss and comprehensive loss for the period	-	-	-	-	-	-	(26,291,823)	(26,291,823)
Balance, September 30, 2024	**158,579,158**	**$ 101,757,300**	**12,713,353**	**$ 5,390,397**	**15,127,000**	**$ 9,956,439**	**$ (117,266,624)**	**$ (162,488)**

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, 2024	2023
Cash (used in)/provided by:			
Operating activities			
(Loss) for the period		**$ (26,291,823)**	$ (50,908,852)
Items not involving cash:			
Depreciation	7	**318,157**	181,325
Accretion on royalty-based obligation	10	**85,139**	-
Lease accretion expense	8	**24,281**	25,136
Loss on lease extinguishment		**-**	858
Property acquisition costs	4	**6,115,175**	19,548,788
Share-based compensation	14	**612,300**	336,600
Foreign exchange		**(467,462)**	69,162
Changes in non cash working capital		**2,170,828**	(1,706,628)
Net cash (used in) operating activities		**(17,433,405)**	(32,453,611)
Investing activities			
Redemption of GICs		**-**	10,000,000
Property acquisition costs	4	**(4,115,175)**	(2,872,334)
Cash acquired from acquisition	4	**-**	140,218
Capitalized project development costs	7	**(2,550,240)**	-
Purchase of equipment	7	**(33,797)**	(188,637)
Net cash (used in)/provided by investing activities		**(6,699,212)**	7,079,247
Financing activities			
Proceeds from private placement	13	**15,992,800**	28,750,334
Cost of issue	13	**(741,099)**	(1,972,250)
Proceeds from royalty arrangement	10	**27,454,000**	-
Transaction costs on royalty arrangement	10	**(1,472,225)**	-
Options exercised	14	**-**	324,000
Warrants exercised	14	**86,678**	1,108,264
Short-term promissory note	9	**600,000**	-
Repayment of short-term promissory note	9	**(600,000)**	-
Payments on lease liability	8	**(215,903)**	(158,917)
Net cash provided by financing activities		**41,104,251**	28,051,431
Change in cash		**16,971,634**	2,677,067
Cash, beginning of the period		**11,167,803**	21,492,788
Cash, end of the period		**28,139,437**	$ 24,169,855
SUPPLEMENTAL INFORMATION			
Value of common shares issued in acquisition	4	**2,000,000**	$ 9,000,000
Value of warrants issued in acquisition	4	**-**	1,702,500
Value of broker warrants issued	14	**112,766**	1,635,483
Equipment acquired through leases	7, 8	**15,932**	347,504
Capitalized depreciation and accretion	7	**56,444**	

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

The Company owns the following subsidiaries:

- A 100% interest in Lithium Ionic Holdings Corp. (formerly Lithium Ionic Inc.), a company incorporated on July 5, 2021 as a Province of Ontario registered corporation pursuant to the *Business Corporations Act (Ontario)*.
- Lithium Ionic Holdings Corp. owns 100% of MGLIT Empreendimentos Ltda. ("MGLIT"), a company incorporated on October 29, 2018 under Brazilian corporate law.
- In March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"), a Brazilian company (Note 4), through Lithium Ionic Holdings Corp. Neolit owns a 100% interest in Salit Mineracao Ltda.
- A 100% interest in Lithium Ionic Bandeira Corp., a company incorporated on June 14, 2024 in the Cayman Islands.
- The Company, through MGLIT, owns a 10% ownership interest in Valitar Participações S.A.("Valitar") holding preferred shares that pass on the economic rights of Valitar to MGLIT. Valitar was incorporated in Brazil for the purpose of acquiring surface rights on claims owned by the Company that the Company expects could result in mineral production. The Company determined that it controls Valitar and as a result includes Valitar in its consolidated financial statements.

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

The recoverability of exploration and evaluation expenditures is dependent upon the establishment of a sufficient quantity of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition of these assets.

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

At September 30, 2024, the Company had current assets of $28,950,637 and current liabilities of $6,852,745 (December 31, 2023 - $12,015,637 and $4,782,662 respectively) and an accumulated deficit of $117,266,624 (December 31, 2023 - $91,216,908). As the Company does not yet have any revenue-generating operations, it is dependent on future financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. As such, there is material uncertainty that casts doubt on the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

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

2. BASIS OF PRESENTATION

Statement of compliance

These 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, 2023.

Basis of presentation

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

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

Approval of the consolidated financial statements

These consolidated financial statements of the Company for the three and nine months ended September 30, 2024 were reviewed, approved and authorized for issue by the Board of Directors of the Company on November 20, 2024.

Material accounting policies

The policies set out in the company's annual financial statements for the year ended December 31, 2023 were consistently applied to all periods unless otherwise noted below.

<u>Royalty Obligation</u>

The Company concluded that the royalty to Appian Capital Advisory LLP ("Appian") is a financial liability (Note 10). The financial liability is recorded at fair value at inception and subsequently accounted for at amortized cost using the effective interest rate method. In order to calculate the effective interest rate, the Company forecasted expected timing and amount of cash flows based on management's best estimate. Subsequent revisions to the estimated timing and amounts will be recorded in profit or loss, with the effective interest rate kept constant. The Company capitalizes transaction costs related to the financial liability.

2. BASIS OF PRESENTATION (continued)

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

New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2024. The Company adopted such changes without any material impact to the consolidated financial statements. Updates that are not applicable or are not consequential to the Company have been excluded thereof.

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

IFRS 18 - In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standard replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

IFRS 9 and IFRS 7 - In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted.

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:

3. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Share-based payments and warrants

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

Leases

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

Transition from the exploration stage to the development stage

Judgment is required in determining when an exploration and evaluation project has been established as commercially viable and technically feasible such that it transitions from the exploration and evaluation stage, where the Company expenses costs as incurred, to the development stage, where costs are capitalized. With respect to the Bandeira project, the Company considered a) the completion of the feasibility study and b) the royalty agreement with Appian Capital Advisory LLP (“Appian”) (Note 10) where use of proceeds is restricted to funding the initial development of the project, and concluded technical feasibility and commercial viability was achieved. As such, effective July 2024, the Company commenced capitalizing development costs related to the Bandeira project.

Classification of royalty as a royalty-based obligation

Significant judgment is required in determining the appropriate accounting treatment for the Appian royalty arrangement (Note 10). Judgement is required to assess whether the arrangement is a financial liability or a sale of a mineral interest. After analyzing the terms of the royalty agreement with Appian, management has determined that the royalty should be classified as a financial liability as a) the royalty obligations are secured by charges and share pledges over substantially all current and future assets relating to the project, b) a termination amount is payable in the event of default and c) the arrangement includes a buy-back option. Estimates on expected timing and amount of cash flows are used to determine the value of the liability. These are based on technical information from the Feasibility Study. Judgement is also used to value the embedded derivative.

Rehabilitation provisions

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

3. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Income, value added, withholding and other taxes

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

Contingencies

Refer to Note 19.

4. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA

During the prior year, in March 2023, the Company acquired a 100% interest in Neolit Minerals Participações Ltda. ("Neolit"). The founder and CEO of Neolit, Dr. André Guimarães, joined the Company as VP Business Development. Pursuant to the purchase agreement, the Company paid a cash payment of US$2,031,005 ($2,804,208) on closing, as well as a cash payment of US$2,570,767 ($3,549,458) to settle all existing liabilities of Neolit on closing. As well, the Company issued 4,000,000 common shares of the Company and 1,500,000 common share purchase warrants. These warrants are exercisable at a price of $2.25 for a period of three years and only vest if the Company establishes an independent National Instrument ("NI") 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li_2O. A final cash payment of US$1,500,000 ($2,032,500) was due September 10, 2024. This amount is outstanding, accrues interest at prime plus 5% and continues to be recorded in accounts payable and accrued liabilities on the consolidated statements of financial position as at September 30, 2024.

Expressed in Canadian Dollars

4. ACQUISITION OF NEOLIT MINERALS PARTICIPACOES LTDA (continued)

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

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

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

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

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

- a cash payment of US$2,000,000 ($2,736,200)
- the issuance of 2,500,000 common shares of the Company, which were valued at $2,000,000, being the fair market value of the Company's shares on the date of acquisition
- a future cash payment of US$1,000,000 (approximately $1,349,900) due by April 4, 2025.

In line with the original Neolit acquisition costs, which were accounted for as an asset acquisition and expensed in accordance with the Company's accounting policy, these amounts were expensed to Exploration and evaluation expenses on the statements of loss and comprehensive loss for the nine months ended September 30, 2024.

Expressed in Canadian Dollars

5. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	September 30, 2024	December 31, 2023
Cash	$ 28,139,437	$ 2,667,803
Guaranteed investment certificate ("GIC"), bearing a variable interest rate (5.2% at December 31, 2023), redeemable and maturing August 3, 2024	-	8,500,000
Cash and cash equivalents	**28,139,437**	**11,167,803**

6. PROJECT DEVELOPMENT COSTS

In July 2024, after closing its royalty agreement with Appian, which required that the Company spend the proceeds specifically on initial development of the Bandeira project, and considering the results of the definitive feasibility study, the Company determined that it was appropriate to begin capitalizing costs related to the development of the Bandeira project. As a result, $2,606,684 in developments costs were capitalized for the three and nine months ended September 30, 2024. Depreciation has not been recorded as the assets are not in use. The Company continues to expense exploration and evaluation costs related to its other properties.

Project development

	Three and nine months ended September 30, 2024	2023
Geology and drilling	$ 1,344,888	$ -
Engineering costs	431,282	-
Environment costs	79,123	-
Labour	249,399	-
Project overhead costs	232,958	-
Professional fees	117,334	-
Travel, meals and accomodation	99,059	-
Depreciation	52,641	-
Total project development expenses	**$ 2,606,684**	**$ -**

Expressed in Canadian Dollars

7. PROPERTY AND EQUIPMENT

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

	Computers, furniture & equipment	Field and lab equipment	Vehicles	Software	Land	Right-of-Use assets	Total
	$	$	$	$	$	$	$
Cost							
As at December 31, 2023	209,901	21,006	203,900	230,655	271,368	596,902	1,533,733
Additions	28,470	5,792	-	-	-	15,467	49,729
As at September 30, 2024	**238,371**	**26,798**	**203,900**	**230,655**	**271,368**	**612,369**	**1,583,462**
Accumulated Depreciation							
As at December 31, 2023	(18,845)	(1,685)	(60,234)	(91,826)	-	(176,590)	(349,180)
Depreciation	(22,602)	(1,911)	(30,586)	(123,350)	-	(192,349)	(370,798)
As at September 30, 2024	**(41,447)**	**(3,596)**	**(90,820)**	**(215,176)**	**-**	**(368,939)**	**(719,978)**
Net book value as at December 31, 2023	191,056	19,321	143,666	138,829	271,368	420,312	1,184,553
Net book value as at September 30, 2024	**196,924**	**23,202**	**113,080**	**15,479**	**271,368**	**243,430**	**863,484**

8. LEASE LIABILITY

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

As at December 31, 2023	**$**	**495,040**
Adjustments to lease acquisition		15,932
Lease accretion		28,084
Lease payments		(215,903)
Foreign exchange		(36,463)
As at September 30, 2024	**$**	**286,690**
Current portion of lease liability	$	192,057
Long-term portion of lease liability	$	94,633

The Company's lease liabilities include financing arrangements for vehicles as well as right-of-use leases for office space, dormitories and warehouses in Brazil. Original lease terms ranged from 23 to 36 months with some of these contracts expiring in December 2024.

Monthly rent payments for the Company's right-of-use agreements total R$91,685 ($22,756). An estimated incremental borrowing rate of 7.5% per annum was used.

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

	R$	CAD$
Payments due within 1 year	860,406	213,553
Payments due in 1-3 years	395,735	98,221

Expressed in Canadian Dollars

9. SHORT-TERM PROMISSORY NOTE

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

10. ROYALTY-BASED OBLIGATIONS

On July 18, 2024, the Company completed a definitive royalty agreement with Appian Capital Advisory LLP (“Appian”). The Company, through its subsidiary, Lithium Ionic Bandeira Corp., granted an affiliate of Appian a 2.25% gross revenue royalty in exchange for upfront consideration of US$20,000,000 ($27,454,000). The Company is required to use the proceeds to advance the development and construction of the Bandeira Lithium Project. The agreement stipulates an option to fully buy-back the Royalty within the first five years for a fee of US$67,500,000. The royalty obligations will be secured by charges and share pledges over substantially all current and future assets relating to the Bandeira Project. In the event of default, a termination payment will be payable.

The royalty arrangement is accounted for as a financial liability and is initially recognized at US$20,000,000 ($27,454,000) net of transaction costs of US$1,071,634 ($1,472,225) and is subsequently measured at amortized cost. The buy-back option is classified at fair value through profit and loss. The fair value of the buy-back option was estimated at $nil as it is unknown at this time whether the Company will be able to exercise the buy-back option before expiry.

Balance, December 31, 2023	$	-
Initial recognition of royalty-based liability	$	25,981,775
Accretion	$	85,139
Foreign exchange revaluation	$	(430,999)
Balance, September 30, 2024	$	25,635,915

As at September 30, 2024, the Company has recognized the entirety of this liability as long-term as it is not anticipated that any royalty payments will be made within the next twelve months. Accretion for the time value of money was estimated using a rate of approximately 3%.

11. ACQUISITION OF MINING LICENSES

Neolit option agreement
On July 3, 2024, the Company announced that it’s subsidiary, Neolit, entered into an option agreement with K2 Mineração e Exportação EIRELI, Super Clássico Comércio, Importação e Exportação Ltda. and Minerales Empreendimentos, Mineração e Participações Ltda. to acquire up to a 90% interest in each of three newly formed special purpose vehicles which collectively hold five mineral claims in the Itinga region. Neolit will initially hold a minority stake in each that can increase up to 90% with an investment of a minimum of R$21,300,000 (approximately $5,500,000) by Q1-2030. As at September 30, 2024, no material expenditures have been incurred.

11. ACQUISITION OF MINING LICENSES (continued)

Vale Litio claims

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

- R$500,000 ($129,947) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2023 (paid in February 2023);
- R$500,000 ($137,625) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before July 20, 2023 (paid in July 2023);
- R$500,000 ($136,559) in cash to acquire an additional 1.54% equity ownership in Vale Litio on or before February 20, 2024 (paid January 2024);
- R$50,000 ($12,376) in cash to acquire an additional 0.15% equity ownership interest in Vale Litio on or before July 29, 2024 (paid July 2024);
- R$29,950,000 in cash to acquire an additional 92.45% equity ownership in Vale Litio on or before January 20, 2025.

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

Amounts paid to September 30, 2023, R$2,450,000 ($649,341) which represents a 7.55% interest, have been recorded as land acquisition costs in exploration and evaluation expenses.

Clesio claims

In February 2023, the Company, through MGLIT, acquired a strategic mining claim from Clésio Alves Gonçalves Mineraçao E Comercio Ltda. ("Clesio"). The Company paid R$500,000 ($129,947) in cash to acquire the claim, which was recorded as land acquisition costs in exploration and evaluation expenses. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li_2O by August 13, 2025, the Company shall pay Clesio a cash bonus of USD$1,000,000. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least five million tonnes with an average content greater than 1.3% Li_2O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD$1,000,000. As at September 30, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

Borges claims

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineracao Borges Ltda. Upon closing, the Company paid R$500,000 ($129,133) upon execution of the conveyance documents transferring the claims to MGLIT. The terms of the agreement were amended in February 2024 whereby R$50,000 ($13,597) was paid in March 2024 and $14,950,000 is payable upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li2O content over 1.3% by June 5, 2025. The Company may terminate this agreement at any time without incurring additional financial penalties.

Expressed in Canadian Dollars

12. EXPLORATION AND EVALUATION EXPENSES

Lithium Ionic owns a 100% ownership interest in the Bandeira Project in Brazil, comprising certain exploration permits, the Galvani Licenses, the Borges, Clesio and Vale claims and 100% of the Salinas claims from its acquisition of Neolit, all located in Minas Gerais state (MG), Brazil. The Company acquired the remaining 15% of the Salinas claims during the three and nine months ended September 30, 2024 with a cash payment of US$2,000,000 ($2,736,200), the issuance of 2,500,000 common shares of the Company valued at $2,000,000, which is the fair market value of the shares on the date of issuance, as well as a deferred payment of US1,000,000 ($1,368,100) which is due by April 4, 2025 (Note 4). The Company incurred $10,875 in transaction costs in relation to balance of the acquisition.

Exploration and evaluation expenses are detailed in the following table.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Acquisition of Neolit property (Note 4)	$ -	$ -	$ 6,115,175	$ 19,548,788
Drilling and geophysics	2,192,608	9,326,773	6,178,401	20,738,422
Mining licenses and land acquisition (Note 11)	510,228	592,430	902,547	2,040,399
Technical reports	48,811	627,669	1,874,314	1,455,045
Project overhead costs	70,356	444,194	780,180	1,149,691
Labour	115,080	345,881	1,134,913	668,896
Land management fees, taxes and permits	62,131	277,612	245,968	697,033
Professional fees	21,847	88,206	186,473	229,938
Travel, meals and accomodation	11,039	16,214	141,968	59,929
Total exploration and evaluation expenses	**$ 3,032,100**	**$ 11,718,979**	**$ 17,559,939**	**$ 46,588,141**

13. COMMON SHARES

Authorized

On September 30, 2024, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares outstanding	**Amount**
Balance, December 31, 2023	138,185,554	$ 86,507,486
Private placement, units	17,769,778	$ 15,992,800
Value of warrants on unit financing	-	(2,007,994)
Share issue costs	-	(741,099)
Value of finder's warrants	-	(112,766)
Shares issued on property acquisition (Note 4)	2,500,000	2,000,000
Exercise of warrants	123,826	118,873
Balance, September 30, 2024	**158,579,158**	**$ 101,757,300**

Expressed in Canadian Dollars

13. COMMON SHARES (continued)

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

14. EQUITY RESERVES

Warrants

	Number of warrants	Weighted average exercise price	Value of warrants
Balance, December 31, 2023	3,384,906	$ 1.98	$ 3,302,389
Granted, unit financing (Note 13)	8,884,888	1.05	2,007,994
Granted, finder's warrants (Note 13)	569,527	0.90	112,766
Exercised	(123,826)	0.70	(32,195)
Expiry	(2,142)	0.70	(557)
Balance, September 30, 2024	**12,713,353**	**$ 1.29**	**$ 5,390,397**

The following table summarizes the warrants outstanding as of September 30, 2024:

Number of warrants outstanding	Number of warrants exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$			Years	
937,500	937,500	5-Oct-22	5-Oct-24	1.60	549,375	65%	3.85%	2.00	0%
1,500,000	-	13-Mar-23	10-Mar-26	2.25	1,702,500	74%	3.31%	3.00	0%
821,438	821,438	31-Jul-23	31-Jul-25	2.10	1,017,762	73%	4.48%	1.00	0%
8,884,888	8,884,888	7-Jun-24	7-Dec-25	1.05	2,007,994	80%	4.00%	1.50	0%
569,527	569,527	7-Jun-24	7-Jun-25	0.90	112,766	73%	4.48%	1.00	0%
12,713,353	**11,213,353**				**5,390,397**				

The weighted-average remaining contractual life of the warrants as of September 30, 2024 is 1.08 years (December 31, 2023: 1.58 years). Subsequent to the end of the quarter, 937,500 warrants expired unexercised.

Expressed in Canadian Dollars

14. EQUITY RESERVES (continued)

Stock options

	Number of options	Weighted average exercise price	Value of options
Balance, December 31, 2023	13,782,000	$ 1.11	$ 9,585,689
Granted	1,570,000	0.90	$ 612,300
Expired/terminated	(225,000)	1.38	$ (241,550)
Balance, September 30, 2024	**15,127,000**	**$ 1.09**	**$ 9,956,439**

During the nine months ended September 30, 2024, 1,570,000 stock options were granted to directors, officers, employees and consultants of the Company. An amount of $nil and $612,300 was recorded as share-based compensation for the three and nine months ended September 30, 2024 respectively on the statements of loss and comprehensive loss (three and nine months ended September 30, 2023: $nil and $336,600 respectively). This value was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend rate: 0%, estimated volatility: 87.18%, risk-free interest rate: 3.40%, and expected life: 5 years.

Options outstanding as of September 30, 2024 are as follows:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant date	Volatility	Risk-free interest rate	Expected life	Expected dividend yield
#	#			$	$			Years	
6,280,000	6,280,000	20-Apr-22	20-Apr-27	0.70	2,463,644	65%	2.63%	5.00	0%
2,680,000	2,680,000	1-Jun-22	1-Jun-27	1.24	1,891,276	66%	2.86%	5.00	0%
250,000	250,000	13-Jun-22	13-Jun-27	1.06	209,425	66%	3.48%	5.00	0%
150,000	150,000	5-Aug-22	5-Aug-27	1.22	105,750	67%	2.90%	5.00	0%
1,932,000	1,932,000	3-Nov-22	3-Nov-27	1.69	1,906,884	67%	3.59%	5.00	0%
200,000	200,000	27-Feb-23	27-Feb-28	2.89	336,600	66%	3.57%	5.00	0%
1,940,000	1,940,000	15-Nov-23	15-Nov-28	1.44	2,248,460	111%	3.88%	5.00	0%
150,000	150,000	1-Dec-23	1-Dec-28	1.60	191,850	110%	3.50%	5.00	0%
1,545,000	1,545,000	11-Jul-24	11-Jul-29	0.90	602,550	87%	3.40%	5.00	0%
15,127,000	**15,127,000**				**9,956,439**				

On July 26, 2024, shareholders approved the Company's RSU/DSU plan. The Board of Directors may at any time authorize the grant to eligible participants RSUs and/or DSUs. Each grant shall specify the performance period and performance conditions, if any, and the vesting date. Each RSU or DSU award represents the right for the participant to receive on vesting either one common share of the Company or a cash payment equal to the equivalent therefore, which shall be at the sole and absolute discretion of the Board of Directors. The aggregate number of common shares that may be reserved for issuance under the RSU/DSU plan is limited to 12,500,000 common shares. The maximum aggregate number of common shares that are issuable pursuant to all share-based compensation granted or issued in any 12-month period to any one eligible consultant shall not exceed 2% of the total number of issued and outstanding common shares of the Company on a non-diluted basis. RSUs shall be settled by the Company upon the vesting date in either cash or common shares, however DSUs, upon vesting, shall be settled in either cash or shares upon the earlier of the death, eligible retirement or termination of the participant.

15. CAPITAL MANAGEMENT

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

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

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

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, 2024 and 2023.

16. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

(b) *Currency risk*

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

As at September 30, 2024 , the Company had the following financial instruments denominated in foreign currency (expressed in Canadian dollars):

September 30, 2024	**Brazilian reals**	**US dollars**
Cash	$ 190,265	$ 23,804,215
Accounts payable and accrued liabilities	(1,184,138)	(4,240,040)
Lease liabilities	(286,690)	-
Royalty-based obligations	-	(25,635,915)
	$ (1,280,563)	$ (6,071,740)

A 10% strengthening (weakening) of the Canadian dollar against the Brazilian real would decrease (increase) net loss and comprehensive loss by approximately $128,000 (September 30, 2023 - $35,000).

A 5% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss and comprehensive loss by approximately $304,000 (September 30, 2023 - $203,000).

(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, 2024, the Company had a cash and cash equivalents balance of $28,139,437 (December 31, 2023 - $11,167,803) to settle current liabilities of $6,852,745 (December 31, 2023 - $4,782,662). Of the current liabilities, approximately $4,800,000 have contractual maturities of less than 30 days and are subject to normal trade terms.

Expressed in Canadian Dollars

16. FINANCIAL INSTRUMENTS (Continued)

(d) *Commodity / equity price risk*

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

17. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the three and nine months ended September 30, 2024 and 2023, the remuneration of directors and other key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Management and Consulting fees	$ 690,040	545,818	$4,135,061	$1,578,092
Share-based compensation	-	-	423,150	-
Total	**$ 690,040**	**$ 545,818**	**$4,558,211**	**$1,578,092**

As at September 30, 2024, an amount of approximately $473,000 (December 31, 2023 - $227,800), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. This includes some unbilled bonuses granted upon the successful completion of the Feasibility Study in June 2024. Such amounts are unsecured and non-interest bearing. As well, related to the Neolit acquisition, an amount of US$1,500,000 ($2,024,850) is owed to an officer of the Company, this amount being interest bearing (Note 4).

In June 2024, directors and officers subscribed for approximately 655,552 units of the Company in relation to the non-brokered private placement offering (Note 13).

During the three and nine months ended September 30, 2024, the Company paid $30,000 and $94,021 respectively (three and nine months ended September 30, 2023: $15,000 and $34,936 respectively) to Troilus Gold Corp. for office space, administrative services and reimbursable costs. As at September 30, 2024, a balance of $nil (December 31, 2023: $315) is payable to Troilus Gold Corp. Mr. Tom Olesinski, the Company's Chief Financial Officer, is a director of Troilus Gold Corp, and Mr. Ian Pritchard, a director of the Company, is an officer of Troilus Gold Corp.

Also during the three and nine months ended September 30, 2024, the Company paid $12,069 and $42,461 respectively (three and nine months ended September 30, 2023: $17,410 and $52,230 respectively) to Falcon Metais Ltda. for various administrative services. As at September 30, 2024, a balance of $nil is payable to Falcon Metais Ltda. Mr. Helio Diniz, the Company's President, is an officer of Falcon Metais Ltda.

Expressed in Canadian Dollars

17. RELATED PARTY TRANSACTIONS (continued)

During 2023, the Company entered into an agreement with Valitar, an entity controlled by the Company and in which Mr. Helio Diniz indirectly owns a 90% interest and of which he is an officer, for a non-revolving credit facility of R$10,000,000 ($2,752,000), with the full facility drawn down at September 30, 2024. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. The facility is repayable in full on June 2, 2026 and carries an interest rate of 1% per annum. It is anticipated that Valitar will authorize MGLIT to perform mineral activities on its properties and upon commencement of production, MGLIT will pay royalties to Valitar. The loan facility has been eliminated on consolidation.

18. SEGMENT INFORMATION

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

September 30, 2024	Brazil	Cayman Islands	Canada	Total
Cash and cash equivalents	$ 190,265	$23,800,836	$ 4,148,336	$ 28,139,437
Amounts receivable	492	-	339,344	339,836
Prepaid expenses	183,971	-	287,393	471,364
Project development costs	2,606,684	-	-	2,606,684
Property and equipment	863,484	-	-	863,484
Total Assets	**$ 3,844,896**	**$23,800,836**	**$ 4,775,073**	**$ 32,420,805**
Accounts payable and accrued liabilities	$ 1,184,138	$ -	$ 5,375,327	$ 6,559,465
Lease liabilities	286,690	-	-	286,690
Royalty-based obligations	-	25,635,915	-	25,635,915
Total Liabilities	**$ 1,470,828**	**$25,635,915**	**$ 5,375,327**	**$ 32,482,070**

19. COMMITMENTS AND CONTINGENCIES

Environmental

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

Legal proceedings with respect to property rights

The Company, through its subsidiary MGLIT, is contesting a decision by the Agência Nacional de Mineração (“ANM”) which reduced the area of one of its Bandeira claims, and intends to file a lawsuit seeking to reinstate the original area of the claim.

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.

19. COMMITMENTS AND CONTINGENCIES (continued)

Management Contracts

The Company is party to certain management contracts. As of September 30, 2024, these contracts require payments of approximately $9,700,000 (December 31, 2023 - $7,600,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately $2,700,000 (December 31, 2023 - $2,410,000) pursuant to the terms of these contracts as of September 30, 2024. As a triggering event has not taken place on September 30, 2024, these amounts have not been recorded in these consolidated financial statements.

Other

Subject to the agreement to acquire mineral claims from Mineracao Borges Ltda. in December 2022, upon producing an independent NI 43-101 compliant mineral resource estimate on the claims of 2 million tons of Li_2O content over 1.3% by June 21, 2025, the Company shall pay an additional R$14,950,000. As at September 30, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

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

Subject to the agreement with Clesio, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least two million tonnes with an average content greater than 1.3% Li2O by August 13, 2025, the Company shall pay Clesio a cash bonus of USD$1,000,000. If the Company establishes a NI 43-101 compliant mineral resource estimate on the Clesio claim of at least five million tonnes with an average content greater than 1.3% Li2O by February 13, 2027, the Company shall pay Clesio an additional cash bonus of USD$1,000,000. As at September 30, 2024, no determination has been made in this regard and no amount has been accrued related to this contingent arrangement.

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

See Notes 1, 4, 8 and 11.