LITHIUM ION ENERGY LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTH PERIOD ENDED MARCH 31, 2024

(Expressed in Canadian Dollars)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Ion Energy Limited ("the Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three months ended March 31, 2024 have not been reviewed by the Company's auditors.

Lithium Ion Energy Ltd.

Condensed Consolidated Interim Balance Sheets
(Expressed in Canadian Dollars)
(UNAUDITED)

AS AT	Notes	March 31, 2024	December 31, 2023
ASSETS		$	$
Current			
Cash and cash equivalents		40,558	63,026
Prepaid expenses and deposits		28,323	77,938
Sales tax and other receivables		129,179	291,315
Total current assets		198,060	432,279
Non-current			
Property and equipment	3	13,944	15,325
Exploration and evaluation assets	4	2,889,001	2,880,663
Other interest - Victory nickel project	5	67,500	67,500
Total assets		3,168,505	3,395,767
LIABILITIES			
Current			
Accounts payable and accrued liabilities		870,580	903,452
Non-current			
License purchase payable	4	296,000	289,520
Total Liabilities		1,166,580	1,192,972
SHAREHOLDERS' EQUITY			
Share capital	6	11,137,343	11,137,343
Contributed surplus		4,363,776	4,305,226
Accumulated other comprehensive loss		(252,957)	(226,616)
Accumulated deficit		(13,246,237)	(13,013,158)
Total shareholders' equity		2,001,925	2,202,795
Total liabilities and shareholders' equity		3,168,505	3,395,767

Nature and continuance of operations (Note 1)
Subsequent events (Note 9)

Approved on behalf of the Board of Directors and authorized for issuance on May 24, 2024:

“Ali Haji”
Ali Haji, Director

“Matthew Wood”
Matthew Wood, Director

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

Lithium Ion Energy Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the years ended:
(Expressed in Canadian Dollars)
(UNAUDITED)

	Notes	March 31, 2024	March 31, 2023
		$	$
EXPENSES			
Professional fees		9,000	23,935
Consulting	7	111,937	204,859
Stock based compensation	6	58,550	247,485
Filing fees		6,622	23,454
Travel and entertainment		15,353	33,937
Marketing expenses		31,851	197,296
General and office		24,596	40,070
Interest income		-	(4,634)
Depreciation	3	686	549
Foreign exchange (gain) or loss		(25,516)	457
Net loss		(233,079)	(767,408)
Foreign currency translation adjustment		(26,341)	12,339
Comprehensive loss		(259,420)	(755,069)
Basic and diluted net loss per share		(0.00)	(0.01)
Weighted average number of common shares outstanding		65,087,471	60,738,173

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

Lithium Ion Energy Ltd.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(UNAUDITED)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholder's Equity
			$	$	$	$	$
Balance, December 31, 2022		60,333,534	10,045,847	3,994,003	(193,760)	(10,618,697)	3,227,393
Stock options exercised	6	182,500	106,174	(16,262)	-	-	89,912
Stock based compensation	6	-	-	247,485	-	-	247,485
Translation adjustment		-	-	-	(71,479)	-	(71,479)
Net loss		-	-	-	-	(767,408)	(767,408)
Balance, March 31, 2023		60,516,034	10,152,021	4,225,226	(265,239)	(11,386,105)	2,725,903
Balance, December 31, 2023		65,087,471	11,137,343	4,305,226	(226,616)	(13,013,158)	2,202,795
Stock based compensation	6	-	-	58,550	-	-	58,550
Translation adjustment		-	-	-	(26,341)	-	(26,341)
Net loss		-	-	-	-	(233,079)	(233,079)
Balance, March 31, 2023		65,087,471	11,137,343	4,363,776	(252,957)	(13,246,237)	2,001,925

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

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Lithium Ion Energy Ltd.

Condensed Consolidated Interim Statements of Cash Flows
For the years ended:
(Expressed in Canadian Dollars)
(UNAUDITED)

	March 31, 2024	March 31, 2023
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(233,079)	(767,408)
Adjusted for:		
Depreciation	686	211
Stock based compensation	58,550	247,485
Interest income	-	(1,899)
Unrealized foreign exchange	6,480	(11,198)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	49,615	-
Sales tax and other receivables	162,136	53,419
Accounts payable and accrued liabilities	(32,830)	68,172
Net cash used in operating activities	11,558	(411,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(8,336)	(66,845)
Net cash used in investing activities	(8,336)	(66,845)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued for cash	-	40,000
Proceeds from exercise of stock options	-	49,912
Net cash provided by financing activities	-	89,912
Effect of foreign exchange	(25,690)	-
Net change in cash and cash equivalents	(22,468)	(388,151)
Cash, beginning	63,026	542,212
Cash, end	40,558	154,061

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Lithium Ion Energy Ltd. (Formerly Ion Energy Ltd.) was incorporated under the Business Corporation Act (Alberta) on June 5, 2017. On September 1, 2023, the Company changes its name from Ion Energy Ltd. to Lithium Ion Energy Ltd. The head office of the Company is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5H 4A6. The registered office of the Company is located 1250 – 639 5th Avenue S.W. Calgary Alberta T2P 0M9.

The Company is engaged in the business of the acquisition and exploration of mineral properties with a focus on advancing projects containing lithium mineralization. The Company is actively advancing its mineral projects located in western Mongolia as well as mineral projects located in the Northwest Territories, Canada.

The Company trades on the TSX Venture Exchange under the trading symbol "ION", on the OTCQB under the symbol "IONGF", and on the Frankfurt Stock Exchange under the symbol "ZA4".

These condensed consolidated interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2024, the Company has a deficit of $13,246,237 (December 31, 2023 - $13,013,158). The Company is in the process of exploring and developing its mineral properties and has not yet determined whether those properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to fund property commitments and to complete the exploration and development of the properties and upon achieving future profitable production or proceeds from the disposition thereof.

There is a material uncertainty related to these conditions that may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company has financed its operations primarily through the issuance of common shares since inception. The Company continues to seek capital through various means including the issuance of equity and/or debt. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future or on terms that are favorable to the Company. Accordingly, these consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The Company applies international Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS interpretations Committee. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost method except for share-based transactions and certain financial instruments which are measured at fair value.

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The functional currency of Ion Energy Holdings Inc. and 1402166 B.C. Ltd. is also the Canadian dollar. The functional currency of Ion Energy LLC is the Mongolian tugrik.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Ion Energy Holdings Inc. ("Holdings Inc.") a company incorporated in Canada on November 1, 2019 and Ion Energy LLC ("Ion Mongolia") a company incorporated in Mongolia on October 4, 2017. Ion Energy Holdings Ltd. is a wholly owned subsidiary of Ion Energy Ltd. Ion Energy LLC is a wholly owned subsidiary of Ion Energy Holdings Ltd. On August 10, 2023, the Company acquired 100% of 1402166 B.C. Ltd. The Company has consolidated the assets, liabilities and expenses of its subsidiaries after the elimination of inter-company transactions and balances. The subsidiary's principal business is the acquisition and development of mineral properties.

(e) Financial instruments

Below is a summary showing the classification and measurement bases of the Company's financial instruments.

Classification	IFRS 9
Cash and cash equivalents	FVTPL
Sales tax and other receivables	Amortized cost
Related party note receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
License purchase payable	Amortized cost

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss.

ii. Investments recorded at fair value through other comprehensive income ("FVOCI")

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

iii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Financial instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a
business combination.

ii. Financial liabilities recorded fair value through profit or loss ("FVTPL")

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Fair Value Hierarchy

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents are a level 1 financial instrument measured at fair value on the consolidated statements of financial position.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains or losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains or losses recognized in other comprehensive income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(e) Financial instruments (Continued)

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(f) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, guaranteed investment certificates (GICs) and deposits held in trust and with banks that are readily convertible into known amounts of cash.

(g) Property and equipment

Property and equipment include furniture at the Company's head office and equipment of the Baavhai-Uul Project. Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The carrying amounts of property and equipment are depreciated using the straight-line method over the estimated useful life of the asset which is 10 years. Management reviews the estimated useful lives, residual values and depreciation and depletion methods of the Company's property and equipment at the end of each financial year, and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Impairment

The carrying values of property and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, a recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

Derecognition

Upon disposal or abandonment, the carrying amounts of property and equipment are derecognized and any associated gains or losses are recognized in profit or loss. The cost and accumulated depreciation and impairment of fully depleted mineral properties and fully depreciated equipment are derecognized.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(h) Exploration and evaluation and pre-development expenditure

Exploration and evaluation expenditures include the costs of acquiring licenses, exploration and evaluation activity, and the fair value, at the date of acquisition, of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized.

Costs incurred before the Company has obtained legal rights to explore an area are recognized as exploration and evaluation expense in the consolidated statement of loss and comprehensive loss. Acquisition costs, including general and administration costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability, and facts and circumstances suggest the carrying amount exceeds the recoverable amount. Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Actual costs incurred upon settlement of the decommissioning liability are charged against the provision to the extent the provision was established.

(i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax, risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on associated assets.

(j) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit of production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profit or loss as extraction progresses. The Company has no material restoration, rehabilitation or environmental costs as the disturbance to date is minimal and the Company is in the early stages of exploration of its properties.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Share capital

Proceeds from the issuance of common shares are classified as equity on the consolidated statement of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction, net of any tax effects.

(l) Share-based payment transactions

The Company has a stock option plan, refer to note 7. Employees (including officers), directors and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model.

The Company is also required to estimate the expected future forfeiture rate of options in its calculation of stock-based compensation expense. The cost of options is recognized, together with a corresponding increase in share-based payment reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant options become fully entitled to the award (the "vesting date"). The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and is the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records share-based compensation expense and credits contributed surplus for all stock options granted which represents the movement in cumulative expense recognized as at the beginning and end of that period. Any consideration received on the exercise of stock options is credited to share capital.

Where the terms of a stock option award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option or is otherwise beneficial to the options as measured at the date of modification.

(m) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers – being the Board of Directors. For management purposes, the Company is organized into one main operating segment, which involves exploration for lithium. All of the Company’s activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

(n) Foreign operations

For entity whose functional currency is the Canadian dollar, transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences on monetary items are recognized in the year in which they arise.

The financial results of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency. Income and expenditures of foreign operations are translated at the average rate of the exchange for the year. All assets and liabilities are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognized as other comprehensive income (“OCI”).

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(o) Taxes

Taxes are comprised of current and deferred taxes. Tax expense is recognized in the profit or loss except to the extent that it relates to items recognized directly in other comprehensive income (loss) or elsewhere in shareholders' equity, in which case the related tax expense or recovery is also recognized directly in other comprehensive income (loss) or elsewhere in shareholders' equity.

Current tax expense is the expected cash tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax expense and related liability are recognized with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to continue to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

(p) Loss per share

Loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. Basic and diluted loss per share for each year presented are the same due to the potential issuances of shares under warrant or share option agreements being, in total, anti-dilutive.

(q) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(r) Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

(s) Use of judgments and estimates

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to fair values of financial instruments, recoverability of assets and income taxes. Actual results may differ from these estimates.

(Expressed in Canadian Dollars) (UNAUDITED)

3. PROPERTY AND EQUIPMENT

	Equipment	Furniture	Total
COST	$	$	$
Balance, December 31, 2022	28,348	2,816	31,164
Foreign exchange variance	(342)	-	(342)
Balance, December 31, 2023	28,006	2,816	30,822
Foreign exchange variance	(342)	-	(342)
Balance, March 31, 2024	27,664	2,816	30,480
ACCUMULATED DEPRECIATION			
Balance, December 31, 2022	9,925	2,112	12,037
Depreciation expense	2,804	704	3,508
Foreign exchange variance	(48)	-	(48)
Balance, December 31, 2023	12,681	2,816	15,497
Depreciation expense	686	-	686
Foreign exchange variance	353	-	353
Balance, March 31, 2024	13,720	2,816	16,536
NET BOOK VALUE			
December 31, 2023	15,325	-	15,325
March 31, 2024	13,944	-	13,944

During the three months ended March 31, 2024, depreciation totaling $Nil (year ended December 31, 2023 – $2,084) was capitalized to the Baavhai Uul Project with the remaining $686 (December 31, 2023 - $704) expensed in the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars) (UNAUDITED)

4. EXPLORATION AND EVALUATION ASSETS

	Baavhi Uul	**Urgakh Naran**	**Bliss Lake**	**Little Nahanni**	**Total**
	$	$	$	$	$
Balance, December 31, 2022	1,609,889	962,981	-	-	2,572,870
Additions	24,755	200,770	150,476	22,935	398,936
Exchange for Victory Nickel interest (Note 5)	(67,500)	-	-	-	(67,500)
Foreign exchange variance	(12,682)	(10,961)	-	-	(23,643)
Balance, December 31, 2023	1,554,462	1,152,790	150,476	22,935	2,880,663
Additions	7,104	1,232	-	-	8,336
Foreign exchange variance	2	-	-	-	2
Balance, March 31, 2024	1,561,568	1,154,022	150,476	22,935	2,889,001

Baavhai Uul Project – Exploration License

The Company is the owner of a mineral exploration license (the “License”) to explore an area approximately 63,000 hectares in size containing lithium brine targets (the “Baavhai Uul Project”). The Company acquired the License pursuant to a purchase agreement dated February 15, 2019, for total consideration of $1,229,630.

Under the terms of an amending agreement dated August 15, 2019, the following milestone payments remain outstanding:

(i) On completion of an initial exploration programme as recommended by a technical report prepared in accordance with National Instrument 43-101 prepared for the Baavhai Uul Project, US$200,000 in cash. As of December 31, 2023 $289,520 (2022 - $253,560) has been accrued in relation to this payment as a non-current liability.
(ii) On completion of a feasibility study as such term shall be defined in the Technical Report, US$200,000 in cash. This milestone has not yet been accrued as the probability of the company completing this item is not yet determinable.
(iii) On the issuance of a mining license for the Baavhai Uul project located in Sukhbaatar province, US$100,000 in cash. This milestone has not yet been accrued as the probability of the company completing this item is not yet determinable.

Future production on the Baavhai Uul Project is subject to a 1.5% gross revenue royalty.

Urgakh Naran Project – Exploration License

On February 10, 2021, the Company acquired the Urgakh Naran Lithium Brine Project (the “Urgakh Naran Project”) located in Mongolia’s Dornogovi Province. The name “Urgakh Naran” is Mongolian for “Rising Sun” and the Project covers an area of approximately over 29,770 hectares of prospective lithium terrain located 150km west northwest of the Company’s Baavhai Uul Lithium Brine Project. The Company acquired the Urgakh Naran Project as a result of a successful tender bid submitted to the Mineral Resource Authority of Mongolia.

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Acquisition of 1402166 B.C. LTD. (Bliss Lake Mineral Claims)

In August 2023, the Company completed the acquisition of 100% of the issued and outstanding common shares of 1402166 B.C. LTD. a company holding the rights to mineral claims located in the Northwest Territories ("NWT"), Canada known collectively as the "Bliss Lake Claims". Pursuant to an amending agreement dated June 20, 2023, which closed on August 11, 2023 ("Closing Date") the Company issued 571,428 common shares with a fair value of $131,428. The Company completed initial prospecting work on the property and spent a further $19,048.

The Company was determined to be the acquirer in the transaction. The acquisition was determined to be an asset acquisition as 1402166 B.C did not meet the definition of business. The Company allocated the fair value of consideration paid to the value of the exploration and evaluation asset acquired.

The Company will issue up to 1,250,000 common shares (with a floor price per share of $0.20) one year from Closing if an assay result of a sample from the Property during the 12 months after the Closing Date yields a grade of at least 0.5% Li_2O, and up to 1,250,000 common shares (with a floor price per share of $0.20) two years from Closing if an assay result of a sample from the Property during the 24 months after the Closing Date yields a grade of at least 0.5% Li_2O. If the Company announces a mineral resource estimate of at least 5 million tonnes of measured, indicated and inferred resources containing Lithium Oxide (Li_2O) grading of at least 1.00% on the mining claims on the Property, the Company will pay an additional $300,000 cash payment within five days of the announcement to certain vendors. One third of the share-based milestone payments and one half of the cash-based milestone payment (should the above conditions be met) are payable to the Company's CFO, Robert Payment. Mr. Payment became an officer of the Company after the close of the acquisition of 1402166 B.C. Ltd.

Little Nahanni Mineral Claims

The Company acquired the Little Nahanni Claims by staking during the year ended December 31, 2023, for a total cost of $22,935.

5. OTHER INTEREST – VICTORY NICKEL PROJECT

On January 25, 2022, the Company entered into a binding term sheet which set out the terms for an exploration joint venture with Aranjin Resources Ltd. ("Aranjin"). The joint venture allowed for both companies to grant one another reciprocal exploration rights to their respective exploration licenses within Mongolia. Under the terms of the agreement, Aranjin was granted a right to explore Ion's properties for base metals (including copper, lead, zinc, nickel, cobalt and associated metals) and to earn an 80% interest in and to all base metal projects discovered and/or defined on the Ion Properties subject to the existing royalties and subject to the completion by Aranjin of its work commitment of $3.0 million over three years. Ion was granted a right to explore Aranjin's properties for lithium and an 80% interest in and to all lithium projects discovered and/or defined on the Aranjin licenses, subject to the existing royalties. Aranjin is considered to be a related party as two of the Company's directors also serve as directors of Aranjin.

During the year ended December 31, 2023, the Company entered an agreement with Aranjin whereby it agreed to formally separate a portion of Baavhi Uul exploration license covering the area identified by Aranjin known as the "Victory Nickel Project" in exchange for a 20% free carried interest in the Victory Nickel Project.

The exchange of a portion of the Company's exploration license for the 20% carried interest represented a non-monetary transaction and was accounted for at fair value which was determined to be $67,500.

6. SHARE CAPITAL

Authorized

Unlimited number of common voting shares.

Issued and Outstanding

As of March 31, 2024, there were 65,087,471 common shares outstanding.

Common shares issued during the period ended March 31, 2024, were as follows:

None

Common shares issued during the year ended December 31, 2023, were as follows:

(i) On January 11, 2023, the Company issued a total of 82,500 shares in exchange of options exercised at a price of $0.605 with the total proceeds of $49,913. The value attributed to these options was $16,262.

(ii) On March 2, 2023, the Company issued 100,000 common shares in a non-brokered private placement at $0.40 per share for aggregate gross proceeds of $40,000.

(iii) On July 20, 2023, the Company completed a non-brokered private placement of 4,000,000 units of the Company ("Units") at a price of $0.25 per Unit, for aggregate gross proceeds of $1,000,000 (the "Offering"). Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one Share for $0.40 for a period of 12 months after the closing of the Offering. In connection with the Offering, the Company recorded share issue costs of $66,108 in relation to the private placement. The residual value of warrants issued in relation to the units have been valued at $80,000 and have been allocated to contributed surplus.

(iv) On August 11, 2023, the Company acquired the Bliss lake mineral claims which were held by 1402166 B.C. Ltd. by issuing 571,428 common shares with a fair value of $131,428 (Note 4).

(Expressed in Canadian Dollars) (UNAUDITED)

6. SHARE CAPITAL (Continued)

Stock Options

The Company has established a stock option plan (the "Plan") for its directors, officers and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors. Options may be exercised for a maximum term of ten years from the date of the grant. They are non-transferable and expire the greater of 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire one year thereafter. Unless otherwise stated, the options fully vest when granted.

Continuity of stock options:

	Number of Options		Weighted Average Exercise Price
Balance at December 31, 2022	4,675,549	$	0.35
Issued	2,072,000		0.300
Exercised	(82,500)		0.605
Cancelled	(1,593,049)		0.312
Balance at December 31, 2023	5,072,000	$	0.31
Issued	1,250,000		0.09
Balance at March 31, 2024	6,322,000	$	0.27

Stock options issued and outstanding as of March 31, 2024:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price	Weighted Average Remaining Years
October 21, 2025	3,000,000	3,000,000	$0.32	1.56
March 2, 2025	2,072,000	2,072,000	$0.30	0.92
March 13, 2026	1250000	1250000	$0.09	1.95
	5,072,000	5,072,000	$0.27	1.43

Share-based compensation expense of $58,880 (March 31, 2023 - $247,485) related to options granted and vested during the period. The Black-Scholes option pricing model used the following weighted average assumptions:

		March 31, 2024		December 31, 2023
Risk-free interest rate		4.30%		4.30%
Expected life of options		2 years		2 years
Annualized volatility		95.00%		93.00%
Dividend rate		0%		0%
Weighted average fair value per option	$	0.05	$	0.26

(Expressed in Canadian Dollars) (UNAUDITED)

6. SHARE CAPITAL (Continued)

Warrants

The Company enters into agreements for various services for which all or partial consideration is comprised of warrants. As the fair value of the provision of services is difficult to measure, the Company measures the fair value of services received or to be received by reference to the fair value of warrants granted using the Black-Scholes Model.

Warrant activity is as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance at December 31, 2022	12,190,000	$	0.69
Issued	4,000,000		0.40
Balance at December 31, 2023 and March 31, 2024	16,190,000	$	0.62

Warrants outstanding as of March 31, 2024:

Expiry date	Number of Warrants	Weighted Average Exercise Price	Weighted Average
April 13, 2026	11,500,000	$0.70	2.04
April 13, 2024*	690,000	$0.50	2.04
July 19, 2026	4,000,000	$0.40	2.30
	16,190,000	$0.47	2.10

*Expired subsequent to March 31, 2024, unexercised.

(Expressed in Canadian Dollars) (UNAUDITED)

7. RELATED PARTY TRANSACTIONS

Key management personnel include those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

transactions with key management:

	March 31, 2024	March 31, 2023
	$	$
Consulting fees	88,815	154,675
Share-based compensation	51,524	235,538
Total	140,339	390,213

The following balances with related parties are outstanding:

	March 31, 2024	December 31, 2023
Related party balances	$	$
Accounts payable	344,936	263,229
Promissory note - Aranjin Resources Ltd.	-	101,749

Other related party transactions include:

a) The Company paid or accrued $9,000 (2023 - $9,000) for the office rent to Steppe Gold Ltd., whose Board includes one common director. Included in accounts payable and accrued liabilities is $54,240 (December 31, 2023 - $44,070) related to rent payable to Steppe Gold Ltd.

b) On September 29, 2022, the Company agreed to loan $100,000 to Aranjin Resources Ltd. ("Aranjin"). The loan is considered a related party transaction as there is a common director of the respective companies. During the year ended December 31, 2023, the loan was repaid in full and the parties agreed that accrued interest would be forgiven.

c) One third of the share-based milestone payments and one half of the cash-based milestone payment in relation to the acquisition of 1402166 B.C Ltd. are payable to the Company's CFO, Robert Payment (Note 4). Mr. Payment became an officer of the Company after the close of the acquisition of 1402166 B.C. Ltd.

d) During the year ended December 31, 2023, the Company entered an agreement with Aranjin whereby it agreed to formally separate a portion of Baavhi Uul exploration license covering the area identified by Aranjin known as the "Victory Nickel Project" in exchange for a 20% free carried interest in the Victory Nickel Project (Note 5). Aranjin is considered to be a related party as two of the Company's directors also serve as directors of Aranjin.

8. CAPITAL RISK MANAGEMENT

The Company’s capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to acquire and conduct exploration and evaluation activities on mineral properties. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern, such that it can provide returns for shareholders and benefits for other stakeholders.

9. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk). All amortized cost financial instruments approximate their fair value due to the short term to maturity.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents balance.

Cash and cash equivalents are held with a Canadian chartered bank and a financial institution in Mongolia, as well as in trust with a law firm with which the Company frequently does business. Sales tax and other receivables consist primarily of HST recoverable. Related party note receivable is due from a Company with a number of common directors.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet its obligations, it will consider securing additional equity or debt funding. The Company's cash and cash equivalents are currently invested in business accounts with high-credit quality financial institutions and in trust and are available on demand by the Company. The Company's financial obligations consist of accounts payable and accrued liabilities.

Years ended		Less than one year	1-3 years	3-5 years	More than 5 years	Total
March 31, 2024	Accounts payable and accrued liabilities	1,166,580	-	-	-	1,166,580
Dec 31, 2023	Accounts payable and accrued liabilities	1,192,972	-	-	-	1,192,972

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such interest rate, foreign exchange rates and commodity and equity prices.

(iv) Interest rate risk

The Company has cash and cash equivalents and no interest-bearing debt. The Company does not believe it is exposed to material interest rate risks.

9. FINANCIAL RISK MANAGEMENT (continued)

(v) Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar. The Company has cash balances in Mongolian tughrik and US dollars that are subject to foreign currency risk.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and other liabilities, that are denominated in US dollars and Mongolian Tughrik. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollar compared to the Canadian dollar would affect net income by $10,000 (December 31, 2022 - $5,417) with all other variables held constant.

(vi) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. 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, and the stock market to determine the appropriate course of action to be taken by the Company.

Commodity price risk could adversely affect the Company. In particular, the Company’s future profitability and viability of development depends upon the work market price of lithium. There is no assurance that, even if commercial quantities of lithium deposits are produced in the future, a profitable market will exist for them. As of December 31, 2023, the Company was not a lithium producer. Even so, commodity prices may affect the completion of future equity transactions such as equity offerings. This may also affect the Company’s liquidity and its ability to meet its ongoing obligations.

10. SUBSEQUENT EVENTS

Subsequent to March 31, 2024, the Company completed the following transaction:

a) The Company announced the settlement of $143,669 in debt in exchange for the issuance of 606,675 common shares. The transaction is subject to approval by the TSX-V.