



Lithium Ionic Corp.

Condensed Interim Consolidated Financial Statements

**For the three months ended March 31, 2026 and 2025
(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	March 31, 2026	December 31, 2025
ASSETS			
Current			
Cash and cash equivalents		\$ 12,021,586	\$ 17,521,608
Amounts receivable		196,323	435,263
Prepaid expenses		810,569	696,943
Total current assets		13,028,478	18,653,814
Long-term			
Project development costs	5	38,717,833	32,627,790
Property and equipment	6	720,945	608,380
Total assets		\$ 52,467,256	\$ 51,889,984
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	16	\$ 5,075,103	\$ 4,101,642
Short-term lease liabilities	7	167,619	114,039
Total current liabilities		5,242,722	4,215,681
Long-term lease liabilities	7	148,320	29,371
Royalty-based obligations	8	30,625,712	28,483,333
Total liabilities		36,016,754	32,728,385
SHAREHOLDERS' EQUITY			
Common shares	11	123,941,974	122,546,841
Warrant reserve	12	4,095,099	5,903,582
Stock-based compensation reserve	13	13,993,262	11,485,536
Accumulated other comprehensive loss		(22,326)	(140,883)
Accumulated deficit		(125,557,507)	(120,633,477)
Total shareholders' equity		16,450,502	19,161,599
Total liabilities and shareholders' equity		\$ 52,467,256	\$ 51,889,984
Nature of operations and going concern	1		
Commitments and contingencies	19		
Subsequent events	20		

Approved on behalf of the Board of Directors:

Signed: Blake Hylands, Director

Signed: David D'Onofrio, Director

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Note	Three months ended March 31,	
		2026	2025
Expenses			
Exploration and evaluation expenses	10	\$ 367,948	\$ 545,786
Consulting and management fees	17	923,389	1,194,354
Shareholder communications		198,909	243,141
Professional fees		526,068	480,221
Office and general		930,018	377,184
Depreciation	6	30,711	31,374
Share-based compensation	13	3,206,206	-
Loss for the year before other items		\$ (6,183,249)	\$ (2,872,060)
Other items			
Interest income		32,570	185,745
Interest and financing fees		(53,374)	(54,939)
Lease accretion expense	7	(1,195)	(2,233)
Foreign exchange loss		(421,282)	(27,647)
Net loss for the year		\$ (6,626,530)	(2,771,134)
Items that may be subsequently reclassified to net income (loss):			
Foreign currency translation adjustment of subsidiary		118,557	187
Net comprehensive loss for the year		\$ (6,507,973)	\$ (2,770,947)
Basic loss per share		\$ (0.03)	\$ (0.02)
Diluted loss per share		\$ (0.03)	\$ (0.02)
Weighted average number of common shares outstanding			
Basic		194,105,777	158,579,158
Diluted		194,105,777	158,579,158

The accompanying notes are an integral part of these condensed interim 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 and RSUs	Stock-based compensation reserve	Other comprehensive income/(loss)	Deficit	Shareholders' equity
Balance, December 31, 2024	158,579,158	\$ 101,757,300	11,775,853	\$ 4,841,022	15,127,000	\$ 9,956,439	\$ 6,192	\$ (119,617,404)	\$ (3,056,451)
RSUs issued in settlement of payable	-	-	-	-	-	719,450	-	-	719,450
Loss for the period	-	-	-	-	-	-	-	(2,771,134)	(2,771,134)
Other comprehensive income for the period	-	-	-	-	-	-	187	-	187
Balance, March 31, 2025	158,579,158	\$ 101,757,300	11,775,853	\$ 4,841,022	15,127,000	\$ 10,675,889	\$ 6,379	\$ (122,388,538)	\$ (5,107,948)
Balance, December 31, 2025	193,171,593	\$ 122,546,841	27,590,130	\$ 5,903,582	16,978,045	\$ 11,485,536	\$ (140,883)	\$ (120,633,477)	\$ 19,161,599
Share-based compensation - options and RSUs	-	-	-	-	12,575,000	3,206,206	-	-	3,206,206
Exercise of RSUs	917,768	698,480	-	-	(917,768)	(698,480)	-	-	-
Options issued for service contract	-	-	-	-	1,000,000	-	-	-	-
Exercise of warrants	656,300	696,653	(656,300)	(105,983)	-	-	-	-	590,670
Expiry of warrants	-	-	(1,500,000)	(1,702,500)	-	-	-	1,702,500	-
Loss for the period	-	-	-	-	-	-	-	(6,626,530)	(6,626,530)
Other comprehensive income for the period	-	-	-	-	-	-	118,557	-	118,557
Balance, March 31, 2026	194,745,661	\$ 123,941,974	25,433,830	\$ 4,095,099	29,635,277	\$ 13,993,262	\$ (22,326)	\$ (125,557,507)	\$ 16,450,502

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

Lithium Ionic Corp.

Condensed Interim Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)

	Note	Three months ended March 31,	
		2026	2025
Cash (used in)/provided by:			
Operating activities			
Net loss for the period		(6,626,530)	\$ (2,771,134)
Items not involving cash:			
Depreciation	6	30,711	31,374
Lease accretion expense	7	1,195	2,233
Share-based compensation	13	3,206,206	-
Foreign exchange		444,302	28,887
Changes in non cash working capital			
Amounts receivable		238,940	223,062
Prepaid expenses		(113,626)	(119,018)
Accounts payable and accrued liabilities		963,894	1,667,480
Net cash used in operating activities		(1,854,908)	(937,116)
Investing activities			
Capitalized project development costs	5	(4,189,846)	(3,352,854)
Purchase of equipment	6	(3,964)	(12,045)
Net cash used in investing activities		(4,193,810)	(3,364,899)
Financing activities			
Proceeds from exercise of warrants	12	590,670	-
Payments on lease liability	7	(51,052)	(62,120)
Net cash provided by (used in) financing activities		539,618	(62,120)
Effect of exchange rate changes on cash held in foreign currency		9,078	(30,438)
Change in cash and cash equivalents		(5,500,022)	(4,394,573)
Cash and cash equivalents, beginning of the year		17,521,608	23,756,282
Cash and cash equivalents, end of the year		12,021,586	\$ 19,361,709
SUPPLEMENTAL INFORMATION			
Value of common shares issued	11	1,395,133	-
Equipment acquired through leases	6, 7	201,740	90,841
Capitalized depreciation and accretion	5, 6, 7	75,740	50,136
Capitalized accretion on royalty obligation	5, 8	1,658,167	1,709,065

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

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

Expressed in Canadian Dollars

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 controls 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.
- A 100% interest in Neolit Minerals Participações Ltda. (“Neolit”), a Brazilian company, acquired 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.
- Through MGLIT, the Company 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 March 31, 2026, the Company had current assets of \$13,028,478 and current liabilities of \$5,242,722 (December 31, 2025 - \$18,653,814 and \$4,215,681 respectively) and an accumulated deficit of \$125,557,507 (December 31, 2025 - \$120,633,477). 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 significant doubt on the Company’s ability to continue as a going concern.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

These condensed interim 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 IFRS Accounting Standards 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, 2025.

Basis of presentation

These condensed interim 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 condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the Company's Brazilian subsidiaries is also the Canadian dollar. The functional currency of Lithium Ionic Bandeira Corp. is the United States dollar. 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 condensed interim consolidated financial statements of the Company for the three months ended March 31, 2026 were reviewed, approved and authorized for issue by the Board of Directors of the Company on June 5, 2026.

3. MATERIAL ACCOUNTING POLICIES

The policies set out in the company's annual financial statements for the year ended December 31, 2025 were consistently applied to all periods unless otherwise noted below.

New and future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB that are mandatory for accounting periods commencing on or after January 1, 2026. 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICIES (continued)

IFRS 9 and IFRS 7 - In May 2024, the IASB issued amendments to IFRS 9 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 Fair Value Through Other Comprehensive Income (FVOCI). The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted. The adoption of these amendments had no impact on the Company's consolidated 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. The Company is assessing the impacts of the adoption of this standard on the financial statements.

4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES

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

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

Share-based payments and warrants

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

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* (Note 8) 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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4. CRITICAL JUDGMENTS AND ESTIMATION UNCERTAINTIES (continued)

Impairment of non-financial assets

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

Classification of royalty as a royalty-based obligation

Significant judgment is required in determining the appropriate accounting treatment for the Appian royalty arrangement (Note 8). Judgement was required to assess whether the arrangement is a financial liability or a sale of a mineral interest. After analyzing the terms of the royalty agreement with Appian, management has determined that the royalty should be classified as a financial liability as a) the royalty obligations are secured by charges and share pledges over substantially all current and future assets relating to the project, b) a termination amount is payable in the event of default and c) the arrangement includes a buy-back option. Estimates on expected timing and amount of cash flows are used to determine the value of the liability. These are based on technical information from the Feasibility Study. Judgement is also used to value the embedded derivative.

Income, value added, withholding and other taxes

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

Contingencies

Refer to Note 19.

5. PROJECT DEVELOPMENT COSTS

In July 2024, after closing its royalty agreement with Appian, which required that the Company spend the proceeds specifically on the 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. Depreciation on project development costs 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.

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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Expressed in Canadian Dollars

	Development costs	Shares issued	Depreciation allocation	Amortization of leases	Accretion of royalty obligation	Foreign exchange	TOTAL
As at December 31, 2024	\$ 4,324,245	\$ -	\$ 104,268	\$ 7,044	\$ 2,647,688	\$ -	\$ 7,083,245
Additions	12,801,287	5,978,423	154,765	20,182	6,715,566	(125,678)	25,544,545
As at December 31, 2025	\$ 17,125,532	\$ 5,978,423	\$ 259,033	\$ 27,226	\$ 9,363,254	\$ (125,678)	\$ 32,627,790
Additions	4,189,846	-	71,995	3,745	1,658,167	166,290	6,090,043
As at March 31, 2026	\$ 21,315,378	\$ 5,978,423	\$ 331,028	\$ 30,971	\$ 11,021,421	\$ 40,612	\$ 38,717,833

6. 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
<u>Cost</u>							
As at December 31, 2024	\$ 244,687	\$ 33,002	\$ 167,498	\$ 21,076	\$ 271,369	\$ 612,369	\$ 1,350,001
Additions	25,809	1,684	-	-	-	214,076	241,569
Disposal	-	-	-	-	-	(291,296)	(291,296)
As at December 31, 2025	\$ 270,496	\$ 34,686	\$ 167,498	\$ 21,076	\$ 271,369	\$ 535,149	\$ 1,300,274
Additions	3,964	-	-	-	-	201,740	205,704
Disposal	-	-	-	-	-	(256,825)	(256,825)
As at March 31, 2026	\$ 274,460	\$ 34,686	\$ 167,498	\$ 21,076	\$ 271,369	\$ 480,064	\$ 1,249,153
<u>Accumulated Depreciation</u>							
As at December 31, 2024	\$ (49,650)	\$ (4,414)	\$ (77,353)	\$ (21,076)	\$ -	\$ (426,702)	\$ (579,195)
Depreciation	(34,454)	(3,334)	(33,500)	-	-	(232,993)	(304,281)
Disposal	-	-	-	-	-	191,582	191,582
As at December 31, 2025	\$ (84,104)	\$ (7,748)	\$ (110,853)	\$ (21,076)	\$ -	\$ (468,113)	\$ (691,894)
Depreciation	(9,274)	(867)	(8,375)	-	-	(84,190)	(102,706)
Disposal	-	-	-	-	-	266,392	266,392
As at March 31, 2026	\$ (93,378)	\$ (8,615)	\$ (119,228)	\$ (21,076)	\$ -	\$ (285,911)	\$ (528,208)
Net book value as at December 31, 2025	\$ 186,392	\$ 26,938	\$ 56,645	\$ -	\$ 271,369	\$ 67,036	\$ 608,380
Net book value as at March 31, 2026	\$ 181,082	\$ 26,071	\$ 48,270	\$ -	\$ 271,369	\$ 194,153	\$ 720,945

Disposals during the three months ended March 31, 2026 included right-of-use leases for dormitories. The original lease periods expired and the Company has extended the terms of these leases for an additional two years. As a result, the original right-of-use assets were derecognized and new right-of-use assets were recorded.

7. LEASE LIABILITY

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

As at December 31, 2025	\$ 143,410
Lease acquisition	201,740
Lease accretion	4,940
Lease payments	(51,052)
Foreign exchange	16,901
As at March 31, 2026	\$ 315,939
Current portion of lease liability	\$ 167,619
Long-term portion of lease liability	\$ 148,320

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

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7. LEASE LIABILITY (Continued)

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 12 to 48 months.

For the three months ended March 31, 2026, the Company allocated \$1,195 in lease accretion to the condensed interim consolidated statements of loss and comprehensive loss and \$3,745 to capitalized project development costs.

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

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

8. ROYALTY-BASED OBLIGATIONS

On July 18, 2024, the Company completed a definitive royalty agreement with 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 was initially recognized at US\$20,000,000 (\$27,454,000) net of transaction costs directly related to the royalty agreement of US\$1,071,634 (\$1,478,899) and is subsequently measured at amortized cost. The discount rate, being 22.5%, was determined at recognition by calculating the internal rate of return of the expected cash flows. The carrying value of the royalty-based obligation will be remeasured at each reporting period based on the revised expected future cash flows using the original discount rate under the amortized cost method. The buy-back option was classified at fair value through profit and loss and estimated at \$nil as it is unknown at this time whether the Company will be able to exercise the buy-back option before expiry.

As a result of the updated Feasibility Study reported on September 17, 2025, the royalty-based obligation was remeasured based on revised future cash flows using the original discount rate of 22.5% resulting in a reduction of the liability of \$6,835,212. This was recorded as a gain on remeasurement of the royalty-based obligation on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2025.

Balance, December 31, 2024	\$ 29,883,715
Capitalized accretion	6,715,566
Remeasurement of liability	(6,835,212)
Foreign exchange revaluation	(1,280,736)
Balance, December 31, 2025	\$ 28,483,333
Capitalized accretion	1,658,167
Foreign exchange revaluation	484,212
Balance, March 31, 2026	\$ 30,625,712

Lithium Ionic Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2026 and 2025

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8. ROYALTY-BASED OBLIGATIONS (Continued)

As at March 31, 2026, 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 is capitalized to Project development costs on the condensed interim consolidated statements of financial position.

9. ACQUISITION OF MINING LICENSES

Vale Lítio claims

In January 2023, the Company entered into a binding share purchase agreement with Exotic Mineração Ltda. (“Exotic”), which was amended in February 2024 and further amended in February 2025, pursuant to which MGLIT has the option to acquire up to a 100% interest in Vale Do Lítio Mineração Ltda. (“Vale Lítio”), who has a 100% beneficial ownership interest in three lithium mining claims in Minas Gerais. On signing, the Company had acquired an initial 2.78% equity ownership interest in Vale Lítio 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 Lítio 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 Lítio 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 Lítio on or before January 20, 2024 (paid January 2024);
- R\$50,000 (\$12,376) in cash to acquire an additional 0.15% equity ownership interest in Vale Lítio on or before July 20, 2024 (paid July 2024);
- R\$500,000 in cash payable in four instalments of R\$125,000 on March 5, 2025 (\$30,863 paid in March 2025), July 20, 2025 (\$31,694 paid in August 2025), January 20, 2026 (\$32,150 paid in January 2026) and July 20, 2026 to acquire an aggregate 1.6% equity ownership interest in Vale Lítio;
- R\$29,450,000 in cash to acquire the final 90.85% equity ownership in Vale Lítio on or before January 20, 2027.

If the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale Lítio claims of at least six million tonnes with an average content greater than 1.3% Li₂O, the Company shall pay Exotic a cash bonus of R\$10,000,000. If the Company does not complete the acquisition, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claim areas before January 20, 2027 or pay a fine of R\$5,000,000. This drilling is waived if the acquisition is completed.

Amounts paid to March 31, 2026, R\$2,825,000 (\$744,048) which represents a 8.75% interest, have been recorded as land acquisition costs in exploration and evaluation expenses in the period in which they were incurred (December 31, 2025: R\$2,700,000 (\$711,898) representing a 8.35% interest).

Borges claims

In December 2022, the Company, through MGLIT, acquired 3 mineral claims totaling 1,478 hectares from Mineração Borges Ltda. Upon closing, the Company paid R\$500,000 (\$129,133) upon execution of the conveyance documents transferring the claims to MGLIT. The Company amended this agreement in February 2024 whereby R\$50,000 was paid in March 2024 and, upon producing an independent MRE on the claims of 2 million tons of Li₂O content over 1.3% by June 5, 2025, the Company shall pay an additional R\$14,950,000 (approximately \$3.9 million) to the vendor (the “Borges MRE Milestone”). The agreement was further amended in August 2025 pursuant to which 2 of the 3 claims have been dropped from the scope of the transaction and the Borges MRE Milestone has been reduced to R\$7 million and the deadline to satisfy the milestone is June 5, 2026. The Company is in the process of obtaining an extension to the above milestone. The Company may terminate this agreement at any time without incurring any additional financial penalties.

Lithium Ionic Corp.

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10. 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 and Vale claims, the Salinas claims from its acquisition of Neolit, as well as other claims all located in Minas Gerais state (MG), Brazil. The Company commenced the capitalization of developments costs of the Bandeira project in July 2024 (Note 5).

Exploration and evaluation expenses are detailed in the following table.

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

11. COMMON SHARES

Authorized

On March 31, 2026, the authorized share capital consisted of an unlimited number of common shares without par value.

	Number of shares	
	outstanding	Amount
Balance, December 31, 2024 and March 31, 2025	158,579,158	\$ 101,757,300
Balance, December 31, 2025	193,171,593	\$ 122,546,841
Exercise of RSUs	917,768	698,480
Exercise of warrants	656,300	696,653
Balance, March 31, 2026	194,745,661	\$ 123,941,974

12. WARRANT RESERVES

During the three months ended March 31, 2026, 656,300 warrants were exercised and 1,500,000 warrants expired unexercised. The following table summarizes the warrants outstanding as of March 31, 2026:

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	
17,693,841	17,693,841	29/Sep/25	29/Sep/27	0.90	2,857,311	83%	2.47%	2.00	0%
7,739,989	7,739,989	3/Oct/25	2/Oct/27	0.90	1,237,788	82%	2.45%	2.00	0%
25,433,830	25,433,830				4,095,099				

The weighted-average remaining contractual life of the warrants as of March 31, 2026 is 1.50 years (December 31, 2025: 1.66 years).

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13. STOCK-BASED COMPENSATION RESERVES

Stock options

During the three months ended March 31, 2026, 1,950,000 stock options were granted to non-executive directors, officers and employees at an exercise price of \$1.35 being fully vested on the date of grant. The Company recognized \$1.3 million as share-based compensation expense on the condensed interim consolidated statements of loss and comprehensive loss for the three months ended March 31, 2026, with respect to this grant.

The Company also granted 1,000,000 stock options to a vendor at an exercise price of \$1.04, vesting being conditional upon fulfilment of certain performance obligations. No expenses have been recognized on this grant since vesting conditions have not been met as of March 31, 2026.

The following table summarizes the stock options outstanding as of March 31, 2026:

Number of options outstanding	Number of options exercisable	Grant date	Expiry date	Exercise price	Estimated fair value at grant	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%
1,950,000	1,950,000	14/Jan/26	14/Jan/29	1.35	1,321,125	75%	2.50%	3.00	0%
1,000,000	-	5/Mar/26	5/Mar/28	1.04	444,000	77%	2.58%	2.00	0%
18,077,000	17,077,000				11,721,564				

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. No DSUs were granted or outstanding during the period ended and as of March 31, 2026.

As at March 31, 2026, there were 11,558,277 RSUs outstanding. On January 14, 2026, 10,625,000 RSUs were granted to directors, officers and employees of the Company at a fair value of \$1.35 each. These RSUs vest in three equal installments starting on the first anniversary of the grant. The Company recorded share-based compensation expense of \$1.9 million for the three months ended March 31, 2026 relating to these RSUs.

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14. CAPITAL MANAGEMENT

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

The properties in which the Company currently has an interest are in the exploration and evaluation stage 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 months ended March 31, 2026 and 2025.

15. OFFTAKE AGREEMENTS

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

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

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

In conjunction with the execution of the offtake agreements, the Company secured a combined pre-payment facility of US\$20 million. The facility is intended to support ongoing project development and the advancement of the Bandeira Lithium Project toward construction.

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

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

(a) *Credit risk*

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

a. *Trade credit risk*

The Company is not exposed to significant trade credit risk.

b. *Cash and cash equivalents*

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

(b) *Currency risk*

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

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16. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2026, the Company had a cash and cash equivalents balance of \$12,021,586 (December 31, 2025 - \$17,521,608) to settle current liabilities of \$5,242,722 (December 31, 2025 - \$4,215,681). Of the current liabilities, approximately \$3.9 million have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Commodity / equity price risk

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

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 months ended March 31, 2026 and 2025, the remuneration of directors and other key management personnel is as follows:

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

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17. RELATED PARTY TRANSACTIONS (Continued)

As at March 31, 2026, an amount of approximately \$467,000 (December 31, 2025 - \$521,000), included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. This includes some unbilled bonuses from 2024. Such amounts are unsecured and non-interest bearing. As well, related to the Neolit acquisition, an amount of US\$1,500,000 (\$2,090,850) plus accrued interest of approximately \$325,000 is owed to an officer of the Company.

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

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

During 2023, the Company entered into an agreement with Valitar, an entity controlled by the Company and in which Mr. Helio Diniz indirectly owns a 90% interest and of which he is an officer, for a non-revolving credit facility of R\$10,000,000 (\$2,678,000), with the full facility drawn down at March 31, 2026. The purpose of this facility was to pay for the acquisition of surface rights in Brazil by Valitar. The facility is repayable in full on June 2, 2026 and carries an interest rate of 1% per annum. The Company is in the process of rescheduling the date of payment. It is anticipated that Valitar will authorize MGLIT to perform mineral activities on its properties and upon commencement of production, MGLIT will pay royalties to Valitar. 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 March 31, 2026 and as at December 31, 2025:

		Cayman		
March 31, 2026	Brazil	Islands	Canada	Total
Total Assets	\$ 40,617,766	\$ 763,000	\$ 11,086,490	\$ 52,467,256
Total Liabilities	\$ 1,945,280	\$ 30,625,712	\$ 3,445,762	\$ 36,016,754

		Cayman		
December 31, 2025	Brazil	Islands	Canada	Total
Total Assets	\$ 34,219,203	\$ 4,643,791	\$ 13,026,990	\$ 51,889,984
Total Liabilities	\$ 794,758	28,483,333	3,450,294	32,728,385

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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. The Company has filed a lawsuit seeking to invalidate ANM's decision. The court granted an interlocutory relief suspending its effects. In compliance with the court order, ANM reincorporated the reduced area into MGLIT's claim and restored its original extension. The lawsuit is currently at the stage of production of evidence.

Legal proceedings with respect to municipal tax

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

General

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

Management Contracts

The Company is party to certain management contracts. As of March 31, 2026, these contracts require payments of approximately \$7,494,000 (December 31, 2025 - \$7,449,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately \$2,550,000 (December 31, 2025 - \$2,543,000) pursuant to the terms of these contracts as of March 31, 2026. As a triggering event has not taken place on March 31, 2026, these amounts have not been recorded in these condensed interim consolidated financial statements.

Other

Subject to the amended agreement to acquire now one mineral claim from Mineracao Borges Ltda., upon producing an independent NI 43-101 compliant MRE on the claim of 2 million tons of Li₂O content over 1.3% by June 5, 2026, the Company shall pay an additional R\$7,000,000. The Company is in the process of obtaining an extension to the above milestone. As at March 31, 2026, no determination has been made in this regard, and no amount has been accrued related to this contingent arrangement.

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19. COMMITMENTS AND CONTINGENCIES (Continued)

In connection with the Company's agreement to acquire a 100% interest in the Vale Lítio claims, the Company has paid R\$125,000 on January 20, 2026 and is scheduled to pay R\$125,000 on July 20, 2026 and R\$29,450,000 on or before January 20, 2027 to acquire the remaining 91.25% interest. As well, if the Company establishes a NI 43-101 compliant mineral resource estimate on the Vale Lítio claims of at least six million tonnes with an average content greater than 1.3% Li₂O, the Company shall pay Exotic a cash bonus of R\$10,000,000. If the Company terminates this agreement, it will be required to conduct a minimum of 3,000 metres of diamond drilling in the claims area by January 20, 2027 or pay a fine of R\$5,000,000. This drilling obligation is waived if the acquisition is completed.

Subject to the acquisition of Neolit, 1,500,000 warrants were issued as part of the consideration are exercisable at a price of \$2.25 until March 10, 2026 and only vest if the Company establishes an independent NI 43-101 compliant mineral resource estimate on the Salinas Project of at least 20 million tonnes with an average grade greater than 1.3% Li₂O. The Warrants were below market price of the Company's shares and hence expired worthless.

See Notes 1 and 17.

20. SUBSEQUENT EVENTS

Subsequent to March 31, 2026, the Company issued 2,555,548 shares on exercise of 933,277 RSUs and 1,622,271 warrants.

Regulatory Matters and Corporate Governance

On April 10, 2026, subsequent to the three months ended March 31, 2026, the Ontario Securities Commission announced enforcement proceedings involving another reporting issuer, certain of its directors and officers, and an individual related to the alleged misconduct. Certain individuals named in that proceeding have current or former associations with the Company. The Company is not a respondent in the OSC proceeding, no allegations have been made against the Company, and no orders or remedies have been sought against it. The allegations have not been proven and will be subject to adjudication before the Capital Markets Tribunal.

Accordingly, management has determined that, as at March 31, 2026, there is no liability or provision requiring recognition or disclosure under IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.

The Company has conducted a review of its ownership interests in Brazilian mineral claims, including its flagship Bandeira Lithium Project, and confirms that it holds valid and registered legal title to these mineral rights. Title is supported by independent third-party legal opinions and publicly available records maintained by Brazil's National Mining Agency (Agência Nacional de Mineração – "ANM"), which do not indicate prior ownership by the issuer referenced in the OSC proceeding.

Following the OSC announcement, the Board of Directors established a Special Committee comprised exclusively of independent directors to oversee the Company's communications, disclosure practices, and governance response in connection with this matter.

Subsequent to period-end, all officers and directors who were involved or named in the OSC enforcement proceeding tendered their resignations from the Board of Directors. These resignations are being made in the interest of maintaining effective governance, preserving Board independence, and minimizing potential distraction to the Company, and do not constitute, and should not be interpreted as, admission of guilt, liability, or wrongdoing by any individual. These resignations are effective upon the appointment of replacement directors or as otherwise determined by the Board to ensure continuity of governance and compliance with applicable listing requirements.

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20. SUBSEQUENT EVENTS (Continued)

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

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

The OSC enforcement proceeding and the related governance actions described above occurred after the reporting period and constitute non-adjusting subsequent events under IAS 10 – *Events After the Reporting Period*, as they do not provide evidence of conditions that existed as at March 31, 2026. Accordingly, no amounts recognized in the condensed interim consolidated financial statements have been adjusted.

While the Company is not a party to the OSC proceeding, the matter may result in increased regulatory scrutiny, reputational risk, and incremental professional or compliance-related costs. Management continues to monitor developments and will provide additional disclosure in future reporting periods as appropriate.