May 31, 2023

# Zacks Small-Cap Research

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Steven Ralston, CFA
312-265-9426
sralston@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

## ION Energy Limited (OTCQB: IONGF)

**IONGF**: ION Energy is in the process of acquiring the **Bliss Lake Lithium Prospect** (Northwest Territories), which will geographically expand & diversify the company's lithium property portfolio to two mining jurisdictions (Mongolia & Canada).

Based on comparative analysis of junior lithium companies, a mid-second quartile price-to-book (P/B) ratio of 4.6 indicates a share price target of $0.33 per share.

| | |
|---|---|
| Current Price (05/30/23) | $0.20 |
| **Valuation** | **$0.33** |

### OUTLOOK

ION Energy is exploring & advancing two prospective lithium brine projects in Mongolia (**Urgakh Naran** & **Baavhai Uul**) and a hard rock lithium prospect in Canada (**Bliss Lake**).

At **Urgakh Naran**, with 3 lithographic drill holes and 3 monitoring wells completed, the final round of **hydrogeological sampling is expected to commence soon**, which should contribute to Inferred Resource Estimate later in 2023.

**Demand for lithium is expected to exceed supply** in the upcoming years, driven primarily by the EV mega-trend.

### SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$0.31** |
| **52-Week Low** | **$0.09** |
| **One-Year Return (%)** | **-22.63** |
| **Beta** | **1.80** |
| **Average Daily Volume (shrs.)** | **12,053** |
| **Shares Outstanding (million)** | **62.14** |
| **Market Capitalization ($mil.)** | **$12.65** |
| **Short Interest Ratio (days)** | **0.78** |
| **Institutional Ownership (%)** | **1.09** |
| **Insider Ownership (%)** | **25.45** |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **N/M** |
| **Earnings Per Share (%)** | **N/M** |
| **Dividend (%)** | **N/M** |
| **P/E using TTM EPS** | **N/M** |
| **P/E using 2022 Estimate** | **N/M** |
| **P/E using 2023 Estimate** | **N/M** |

| | |
|---|---|
| **Risk Level** | **Above Average** |
| **Type of Stock** | **Small-Value** |
| **Industry** | **Mining – Lithium** |

### ZACKS ESTIMATES

**Revenue**
(in millions of $CAD)

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| 2020 | 0 A | 0 A | 0 A | 0 A | 0 A |
| 2021 | 0 A | 0 A | 0 A | 0 A | 0 A |
| 2022 | 0 A | 0 A | 0 A | 0 A | 0 A |
| 2023 | 0 A | 0 E | 0 E | 0 E | 0 E |

**Earnings per Share**
**(EPS is operating earnings before non-recurring items)**

| | Q1 (Mar) | Q2 (Jun) | Q3 (Sep) | Q4 (Dec) | Year (Dec) |
|---|---|---|---|---|---|
| 2020 | -$0.00 A | -$0.00 A | -$0.04 A | -$0.03 A | -$0.07 A |
| 2021 | -$0.01 A | -$0.01 A | -$0.01 A | -$0.01 A | -$0.04 A |
| 2022 | -$0.01 A | -$0.01 A | -$0.01 A | -$0.01 A | -$0.04 A |
| 2023 | -$0.01 A | -$0.01 E | -$0.01 E | -$0.00 E | -$0.04 E |

EPS in $CAD

Quarterly EPS may not equal annual EPS total due to rounding.

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## EXECUTIVE SUMMARY

**ION Energy Limited** (OTCQB: IONGF; TSXV: ION) is an **early-stage** junior exploration & development mining company with **two prospective lithium brine properties** (Urgakh Naran and Baavhai Uul, both in **Mongolia**) and its recently acquired **hard rock lithium prospect**, Bliss Lake, located in the **Northwest Territories**, Canada.

In order to help prove out **Urgakh Naran**, management has completed **a number of exploration and drilling programs** designed to understand the structural development of the basin and to identify and estimate the volume of the shallow brine aquifers. During 2022, the company **drilled three diamond core holes**, which **tested the lithography** for permeability **and provided promising assay results.** Three **hydrogeological sampling** wells (drilled near the diamond core holes) were completed by March 2023; these **monitoring wells** are destined to determine **flow rates** and **average grades** so that an **early lithium resource indication** can be calculated and later an Inferred Resource can be estimated, which management expects to be completed in 3Q 2023.

In 2022 at **Baavhai Uul**, ION Energy's joint exploration partner, Aranjin Resources, completed an 814-hole auger geochemical drilling program and found the **Victory Copper Nickel Discovery**, a 2.5km by 1.5km copper nickel mineralized area. . In March 2023, Aranjin Resources completed a follow-up 50m x 50m auger geochemical drilling program at the Victory Copper Nickel Discovery. The follow-up program consisted of 6m-deep auger holes with samples collected every meter down hole. Aranjin Resources plans to conduct a ground electromagnetic geophysics program followed by subsequent drill program at the Victory Discovery during the summer of 2023. ION Energy loaned $100,000 to Aranjin Resources in September 2022.

On May 11, 2023, ION Energy announced that the company is acquiring the 5,798-hectare **Bliss Lake Project** situated in the Yellowknife Pegmatite Province of the Northwest Territories. After conducting due diligence, management proceeded quickly to acquire the greenfield land package at reasonable price (only $500,000) on an all-equity basis. The Yellowknife Pegmatite Province. The acquisition has **transformed ION Energy into a multi-jurisdictional lithium exploration company** with both lithium brine and hard rock lithium potential.

***Upcoming Expected Events***

Results from the three monitoring wells at Urgakh Naran are expected soon. After having the water holes to refresh, the **final collection of bailer samples** should occur in early June. The hydro-data will then be analyzed in order to determine the flow rates and average grades. Once in possession of this information, an **early lithium resource indication** can be calculated based on the previous lithography analysis and the calculation of geophysical volume beneath surface. **Management anticipates this preliminary resource indication to be available in June**. An **estimated Inferred Resource at Urgakh Naran** in the **second half of 2023**.

Management anticipates that a **rock-chip sampling program** will be conducted at **Bliss Lake** this summer that targets the certain outcrops identified by the Landsat imagery purchased as part of the due diligence process.

A substantial **raise of equity capital** of approximately $5 million is anticipated in the near future. A $2 million flow-through equity private placement is expected to fund exploration work at the Bliss Lake Project, and a $3 million equity private placement is being foreseen for exploration in Mongolia and working capital purposes

## RECENT NEWS

***Urgakh Naran Project Update***

In December 2022, due to the outset of winter, the drilling program for **three hydrogeological test wells** (aka water or monitoring wells) was curtailed after completing the first two wells (UNWH-01 & (UNWH-02) to a depth of 300m. Drilling of the third well (UNWH-03) was stopped at 82m. Water well drilling resumed in early March 2023, and the **third water was completed** to a depth of 300m in less than three weeks. All three wells were drilled with a six-inch tricone bit and completed with four-inch steel slotted pipes with gravel pack emplaced.

With the warmer weather, the hydrogeological testing equipment for collecting brine samples, including Solinst® pumps and bailers, was deployed to the Urgakh Naran Project site in March.

*Continuing to deploy equipment at Urgakh Naran*



*Preparing Urgakh Naran site with hydro geological testing equipment*



**ION Energy Press Release March 21, 2023**

**Hydrogeological studies commenced at Urgakh Naran in mid-April**. The hydrogeological work is a key step in the process of estimating a NI 43-101-compliant Inferred Mineral Resource.

*Brine samples being collected at UNWH-01*





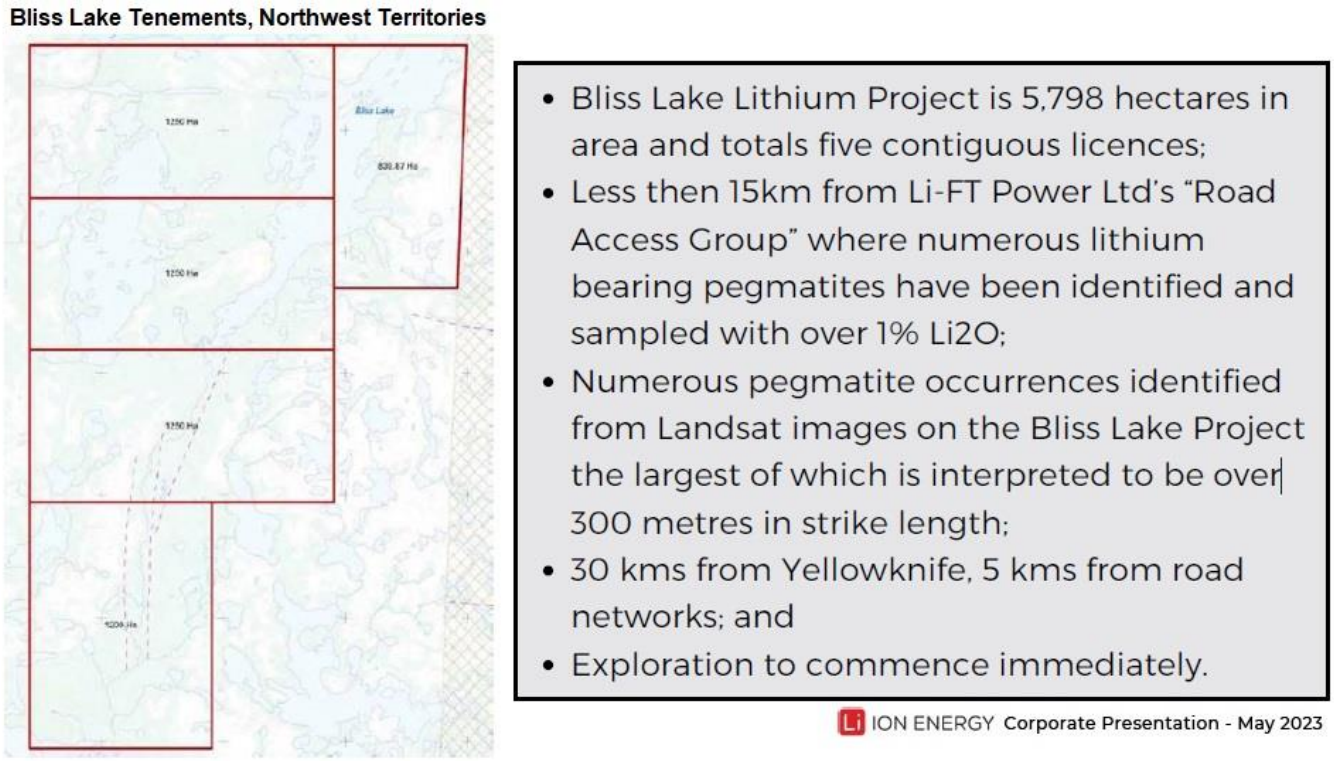
**ION Energy Press Release April 12, 2023**

After the pumping tests are conducted and the flow rate and lithium concentrations of the brine are evaluated, the amount of exploratory information should be sufficient to provide an initial indication of the resource. Management expects the maiden estimate of an Inferred Mineral Resource **at Urgakh Naran** to be completed by the third quarter of 2023.

***Acquisition of Bliss Lake Project***

On May 11, 2023, ION Energy announced the signing of a **Definitive Agreement** for the **acquisition** of the 5,798-hectare **Bliss Lake Project**. This project was brought to management attention about five weeks ago; after conducting some due diligence, including proceeded quickly to acquire the property on an all-equity basis. The land package appears to have good potential and will be acquired at a reasonable price.

Consideration for the Project is structured as **two equity tranches** with a **total deemed value of $500,000**. The first tranche consists of 428,571 shares (valued at $150,000 with a deemed value of $0.35 per share), which will be issued at closing. The second tranche will be 1,000,000 shares (deemed value of $350,000), which will be issued four months thereafter. The seller is being granted a 1.0% Net Smelter Royalty (NSR), with ION Energy having the right to repurchase one-half of the NSR for $500,000.




Situated in the Yellowknife Pegmatite Province of the Northwest Territories (and approximately 30 km from the capital of Northwest Territories, the city of Yellowknife), the Bliss Lake Project consists of **five contiguous licenses** located within 20 kilometers from the lithium properties held by Li-FT Power Ltd. (specifically the combined 436-hectare of the Fi & Ki leases in the Road Access Group within Li-FT's Yellowknife Lithium Property group of leases) and Patriot Battery Metals (40% interest in 1,660-hectare Hidden Lake Property).

Certain aspects of management's due diligence included:

- Bliss Lake is situated in the Yellowknife Pegmatite Province, an area with many identified occurrences of spodumene-bearing pegmatite, and within 10km-to-20km of several licenses

where numerous spodumene-rich pegmatites have been identified and exploratory work is ongoing
- Management purchased Landsat images of the Bliss Lake land package and identified prospective outcrops, the largest of which is interpreted to have a strike length over 300m

Management is committed to begin exploration of the Landsat-identified outcrops as soon as possible.

**Yellowknife Lithium Pegmatite Belt**

Hard rock lithium-bearing pegmatites were discovered in the Northwest Territories in the late-1930's. Though exploration was sporadic, a **body of papers and exploratory work identified numerous occurrences of spodumene-bearing pegmatite** in the Yellowknife Lithium Pegmatite Belt. These occurrences are situated within 100 kilometers of the city of Yellowknife to the east, northeast and southeast.

Several studies by Geological Survey of Canada have documented the wide distribution of pegmatites in the Yellowknife Lithium Pegmatite Belt. The **initial Geological Survey Paper** (44-12) was authored by A.W. Jolliffe **in 1944**. Titled *Rare element minerals in pegmatites, Yellowknife-Beaulieu area, Northwest Territories*, the paper recognized that pegmatite bodies were widespread in the region concluding that the almost 500 pegmatite bodies examined in the field during 1943 represented less than 1% estimated to be present. A **subsequent Geological Survey Paper** (52-8*), Pegmatite mineral deposits of the Yellowknife-Beaulieu River region, Northwest Territories* by Rowe was published **in 1952**, followed by R.W. Hutchinson's *Regional zonation of pegmatites near Ross Lake, District of Mackenzie, Northwest Territories* **in 1955**.

Raymond Lasmanis analyzed detailed maps and surface sampling of 14 properties within the Yellowknife Pegmatite District and estimated **in 1978** (prior to NI 43-101), in paper entitled *Lithium resources in the Yellowknife area, Northwest Territories, Canada*, that the Yellowknife Pegmatite Province "demonstrated the presence" of 49 million tonnes of ore grading 1.40% $Li_2O$ to a depth of 152 meters.[i]

The Department of Geological Sciences of **University of Manitoba** initiated studies on pegmatite occurrences of the Northwest Territories studies **in 1981**. Robert Ells Meintzer[ii] and Michael Anthony Wise[iii] presented their PhD. theses on the Yellowknife pegmatite field to the faculty in 1987. Both continued to publish papers on the area during the 1980's, sometimes collaboratively, as Petr Černý joined the fray with his interpretations of regional zoning of pegmatite melts in terms of both horizontal and vertical outward enrichment.[iv]

The **Government of Northwest Territories** highlights **in a 2021 factsheet** that historic (prior to NI 43-101) inferred tonnage for eight deposits in the Yellowknife Lithium Pegmatite Belt ranged from 2.3 million tonnes (grading 1.5% $Li_2O$) to 13.9 million tonnes (grading 1.2% $Li_2O$)[v]

From the documentation, we glean that some localized pegmatites are lithium-rich with spodumene concentrations ranging from 15% to 20% and up to 30% in the center of the pegmatite occurrences. The mineralization appears to be **associated with granite intrusions** that form a series of radiating, steeply dipping, tabular **spodumene-bearing pegmatite dykes** characterized by an abundance of spodumene crystals. But also, the granite-pluton associated pegmatites are found as metamorphic **aureoles of knotted schists**. Early work emphasized the zonation of pegmatitic deposits, but later work concluded many pegmatites are un-zoned, though rare element pegmatites tend to be distributed in zonal patterns.

Bliss Lake appears to be a highly prospective hard rock lithium prospect acquired for a reasonable consideration.




***Recent Financing***

On March 2, 2023, ION Energy announced that a 100,000-share non-brokered private placement had been completed at a price of $0.40 per common share. Gross proceeds were $40,000.

## Review of Urgakh Naran Project

In 2022, ION Energy Limited (OTCQB: IONGF; TSXV: ION) had a productive year in its **exploratory efforts** at its **Urgakh Naran Project** in Mongolia. The company acquired the Urgakh Naran **exploration license** in February 2021.

During 2022, several **exploratory** programs were conducted in order to better assess the lithium mineralization situated within the brine aquifer. To put the company's 2022 exploratory efforts in perspective, a **brief outline and summary** of the auger drilling, TEM survey, geophysical and diamond drilling work at **Urgakh Naran** follows.

**Recent Urgakh Naran Exploration Highlights**

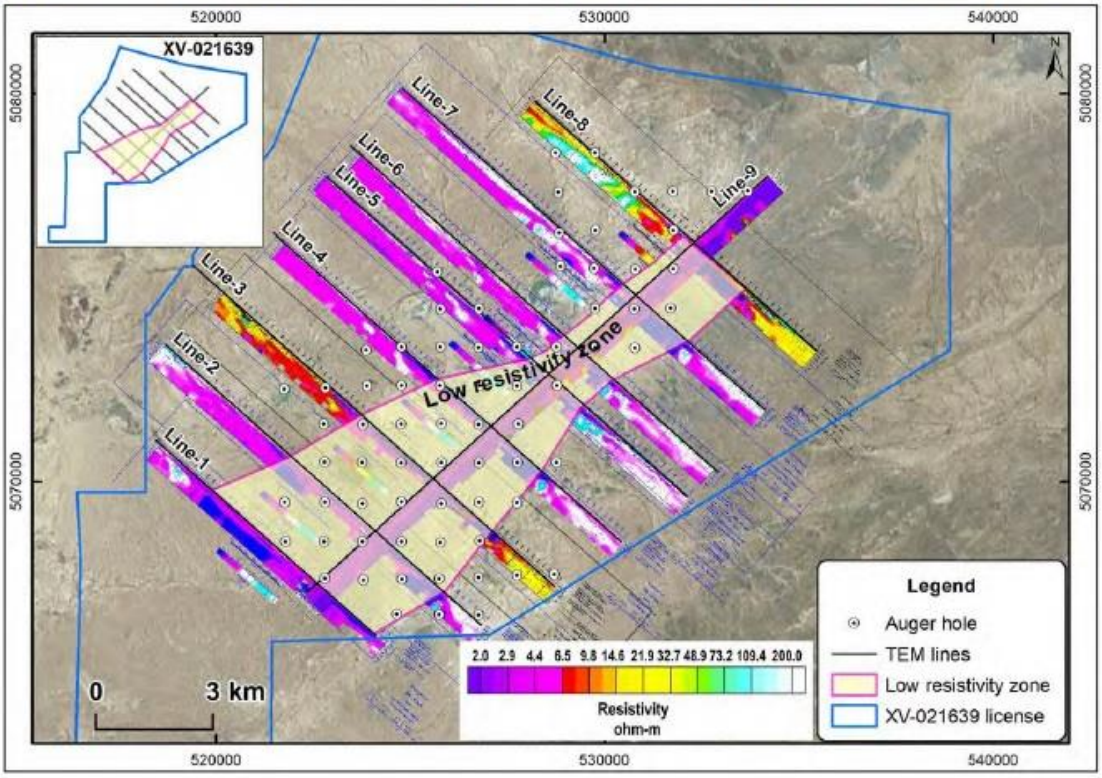
- April — Management visits site & initiates Maiden exploration program (72 auger holes)
- May — Surface sample assays at 918 Mg/L Li
- July — Results of 82 line-km TEM survey (low resistivity structure identified)
- August — 9th line 16-km TEM survey completed (confirmed continuity of low resistivity zone)
- August — **Aquifer volume** calculated to be **22.7 billion cubic meters**
- September — Management visits site
- Sept. – Dec. — 3 diamond core holes (954m) drilled for lithological & assay work
  - Lithography indicates permeability conducive for lithium brines
  - Highly encouraging assay results of the brine samples
- December — 2 hydrogeological wells drilled for future monitoring of aquifer's hydrogeology

- Hydrogeological data crucial for estimation of mineral resource
- Due to onset of winter, completion of a 3rd monitoring well, along with the setup up of monitoring equipment, was delayed until March 2023

Between April and May 2022, ION Energy conducted the **maiden exploration program** at the Urgakh Naran Project, which consisted of 72 (820.5m) shallow auger drill holes, 427 geochemical samples and 8 TEM geophysical lines covering 88 line km. Also, **management visited the site** in late-April to oversee the program.

In May, ION Energy reported that a **surface brine sample assayed 918 mg/l Li**. The sample was collected from a shallow evaporation pool at the Urgakh Naran Lithium Project. Though the assay of this sample could be a result of a natural evaporation process at surface, this exceptional assay result for a surface sample collected in Mongolia.

**Urgakh Naran Project - Auger Holes, TEM Lines & Resistivity Zone**




ION Energy Presentation December 2022

In July, ION Energy announced the **results of an 82 line-km Transient Electro Magnetic** (TEM) **survey**. A TEM geophysical survey is a non-invasive and cost-effective method for aquifer imaging, since it is very sensitive to conductive anomalies. The 8-line TEM survey detected a **zone of high conductivity** and **low resistivity** which trends from the southwest to the northeast, narrowing to the northeast. Furthermore, a lower (< 2.0 ohm) resistivity channel meanders through the 6.5 ohm zone.

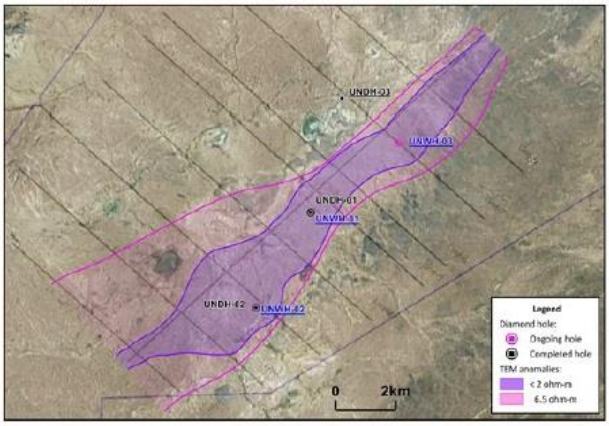
During August, a **follow-up survey** was completed; this additional **9th line 16-km TEM survey** intersected across the previous 8 lines through the zone of high conductivity and low resistivity, which confirmed the continuity of the low resistivity zone and further validated the prediction of a brine aquifer.

Utilizing the data collected from the company's exploration activities, the **volume of the Urgakh Naran brine aquifer** was calculated to be **22.7 billion cubic meters**, a significant advancement in the process of providing a resource estimate. The low resistivity zone trends from the southwest to

the northeast, narrowing to the northeast. Furthermore, a lower (< 2.0 ohm) resistivity channel meanders through the 6.5 ohm zone.

**Management again visited the site in September** as the company commenced a **test drilling program** consisting of **three diamond core holes** (UNDH-01, UNDH-02 and UNDH-03).

**Urgakh Naran Diamond Core Drill Holes**




ION Energy Press Release December 7, 2022

**Urgakh Naran Aerial Photo**

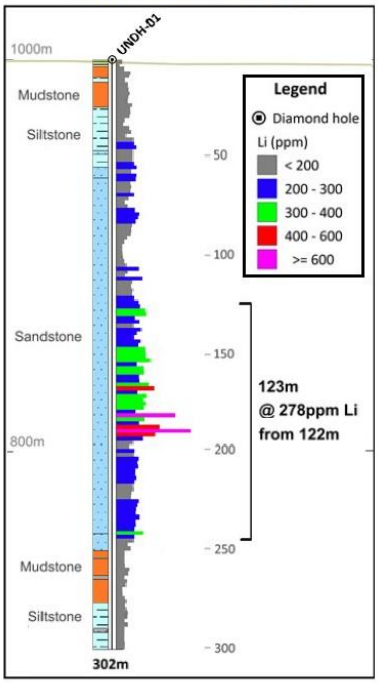


ION Energy Presentation November 2022

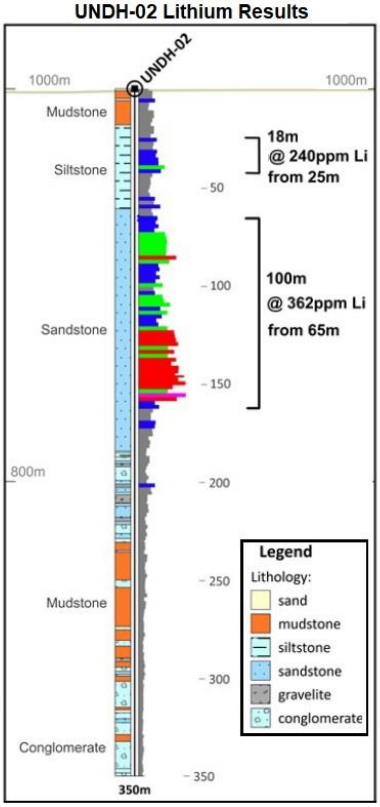
In early December, **drilling results** of the three diamond core drill holes were reported. The lithological characterization of the **core samples** is indicative of porosity and permeability that are conducive for extractable lithium brines. In addition, the **assay results** of the **brine samples** are highly encouraging:

- **UNDH-01: 123m at 278ppm** lithium (maximum Li 832ppm over 2m)
- **UNDH-02: 100m at 362ppm** lithium (maximum Li 601ppm over 2m)
- **UNDH-03: 71.4m at 360ppm** lithium (maximum Li 911ppm over 2m)

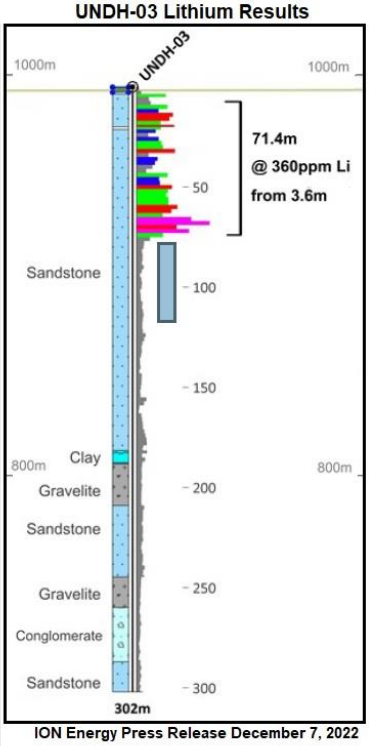
**UNDH-01 Lithium Results**




**UNDH-02 Lithium Results**




**UNDH-03 Lithium Results**




ION Energy Press Release December 7, 2022

In addition, the company **drilled three hydrogeological test wells** (aka water or monitoring wells), which will observe the aquifer's hydrogeology (aka the movement of the brine through the aquifer).

Having estimated the volume of the aquifer in August 2022, once the **flow rates** & **average grades** are measured with these monitoring wells in 2023, an **early lithium resource indication** can be calculated. Thereafter, the company will be on track to move forward toward an **estimated Inferred Resource at Urgakh Naran in the second half of 2023.**




## Review of Baavhai Uul Project

In late 2021, ION Energy conducted a **shallow, auger drilling program** (222 holes totaling 1,305.5m), which lead to the **discovery of the White Wolf Prospect** (high sample assay of 1,502ppm Li & an average grade of 700ppm Li over 2m) in the **Li-8** target area.

In February 2022, ION's management announced that **some of the assays detected occurrences of copper and nickel**. Concurrently, ION Energy entered into an **exploration joint venture** with **Aranjin Resources Limited** (TSXV:ARJN). The JV granted the companies **reciprocal exploration rights within Mongolia**. Ali Haji, CEO of ION Energy, is also CEO of Aranjin Resources.

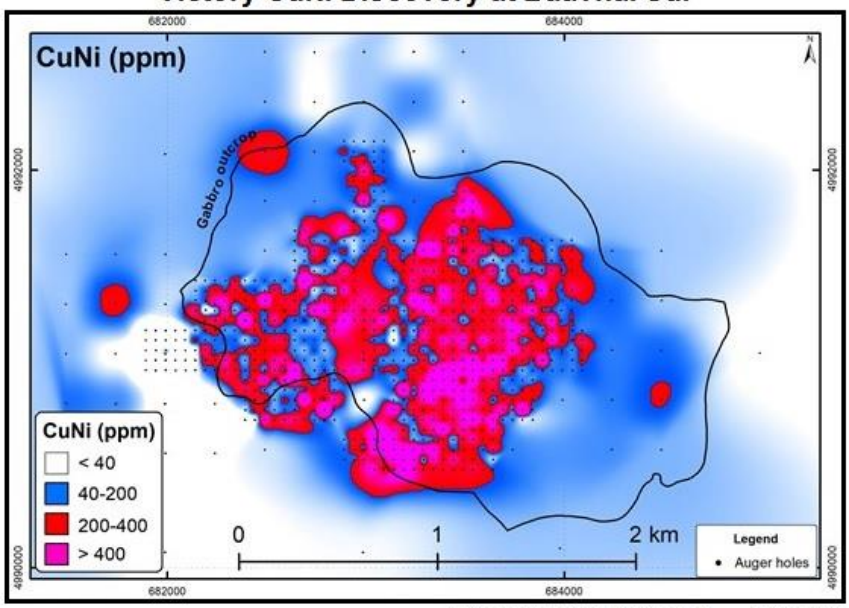
**Recent Baavhai Uul Exploration Highlights**

| | |
|---|---|
| • December 2021 | 222-hole auger program completed; **White Wolf Lithium Prospect** discovered |
| • February 2022 | Some auger assays detect occurrences of copper (480ppm) and nickel (2,150ppm) |
| • April | Management visits site |
| • May | All results from ION's auger program received |
| • May-August | Aranjin conducts 250mx250m grid, 814-hole auger drill program for Cu & Ni |
| • August | Aranjin found **Victory Copper Nickel Discovery** |
| • September | Management visited the site |

In the first week of May 2022, **Aranjin Resources commenced an auger geochemical drilling program**, which was completed in late-August. The program consisted of **814 shallow** (6m) **auger geochemical drill holes** (approximately six meters deep), in which samples were collected every meter down hole. The **grid pattern was tightened** from ION's 1km x 1km to Aranjin's 250m x 250m. The targeted areas for the grids were determined by a combination of geophysics, assay results from ION's prior drill holes and rock chip samples (highlighted chip samples were 2,150 ppm Ni and 677ppm Cu).

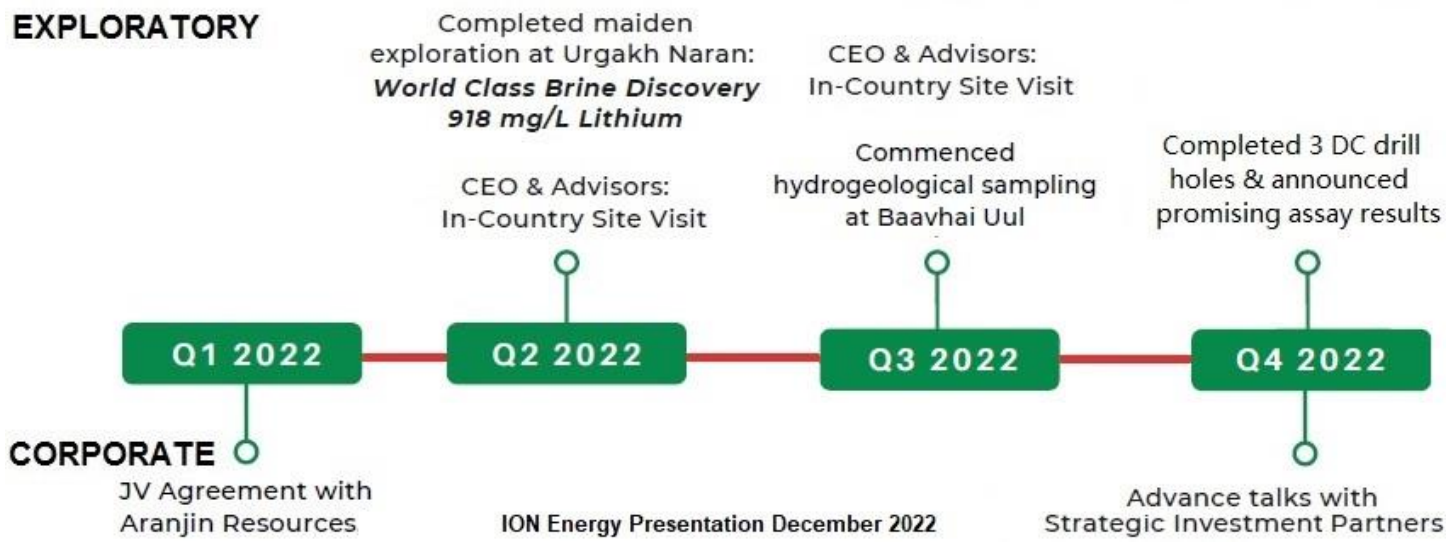
On August 25, 2022, Aranjin Resources announced the completion of the auger geochemical drilling program and the finding of the **Victory Copper Nickel Discovery**, a 2.5km by 1.5km copper nickel mineralized area detected in a highly weathered zone of gabbro sill. Assay results of up to 1,252ppm Cu and 494ppm Ni were recorded from samples collected from weathered gabbroic clays situated under very shallow alluvial cover. In addition, 24 other copper nickel anomalies were detected. In March 2023, a follow-up 50m x 50m auger geochemical drilling program was completed by Aranjin Resources at the Victory Copper Nickel Discovery. The follow-up program consisted of 6m-deep auger holes with samples collected every meter down hole. Aranjin Resources plans to conduct a ground electromagnetic geophysics program followed by subsequent drill program at the Victory Discovery during the summer of 2023.

**Victory CuNi Discovery at Baavhai Uul**




ION Energy Press Release August 25, 2022

**Milestones - 2022**




ION Energy Presentation December 2022

## OVERVIEW

***Investment Thesis***

Headquartered in Toronto, ION Energy Limited (OTCQB: IONGF; TSXV: ION) is an early-stage junior exploration & development mining company, which is focused on **prospective lithium brine properties** in **Mongolia** and a **prospective hard rock lithium prospect**, Bliss Lake, located in the **Northwest Territories**, **Canada**. The **lithium brine** projects are situated in endorheic basins located in arid areas with high evaporation rates and low precipitation rates, which are highly conducive for the conventional method of lithium extraction via evaporation ponds. Also, the Mongolian projects are situated in close proximity to China, the major global consumer of lithium minerals.

Currently, ION Energy controls approximately 111,500 hectares (about 275,600 acres) of prospective lithium brine properties through two exploration licenses granted by the Mineral Resource Authority of Mongolia (MRAM), namely the **Baavhai Uul Lithium Brine Project** (81,758 hectares) and the **Urgakh Naran Lithium Brine Project** (29,770 hectares).

Recent exploration programs have revealed **management's *modus operandi*** for the advancement of the company's lithium brine projects. After **identifying prospective lithium salars** in Mongolia, primarily through results from historical chemical sampling, management has **acquired the exploration licenses** for the associated endorheic basin. Thereafter, a series of developmental exploration programs are planned and completed, consisting of:

- **CSAMT geophysical surveys** to locate and map the brine aquifers,
- **micro-seismic geophysical surveys** to identify the structure (depth, thickness and width) of the brine aquifers
- **exploration drilling programs** to ascertain the stratigraphy and average grade of the lithium brine
- **hydrogeological studies** to determine the flow rate and lithium concentrations of the brine
- a calculation of an **early lithium resource indication**
- commission an NI 43-101-compliant **estimated Inferred Resource**

## ***Baavhai Uul Lithium Brine Project***

Since acquiring the Baavhai Uul **exploration license** in 2019, management has focused on two target areas of the Baavhai Uul Property:

- **Li-8,** a 4.5 square km target area in the southeast portion of the property
- **Li-11**, a 5.5 square km target situated in the northwest portion

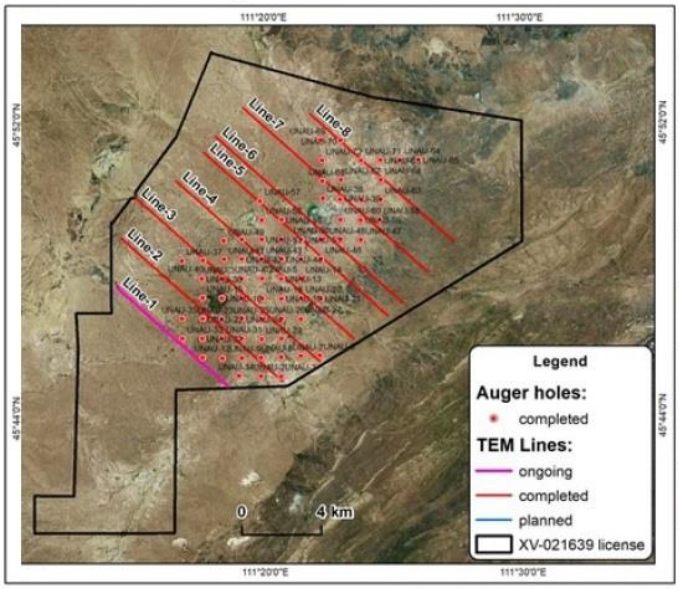
At Baavhai Uul, ION Energy completed two CSAMT **geophysical surveys** (one at Li-11 and the other at Li-8**)** to locate brine aquifers, a **micro-seismic geophysical survey** to identify the structure of the brine aquifers and both diamond core and auger **drilling programs**. In December 2021, the company announced the discovery of the **White Wolf Prospect**, which delivered a **high sample assay of 1,502ppm**, which superseded the prior high grade of 860ppm Li obtained during the 2016 geochemical sampling program.

## ***Urgakh Naran Lithium Brine Project***

In February 2021, ION Energy acquired the Urgakh Naran **exploration license** at a cost of only US$333,300.

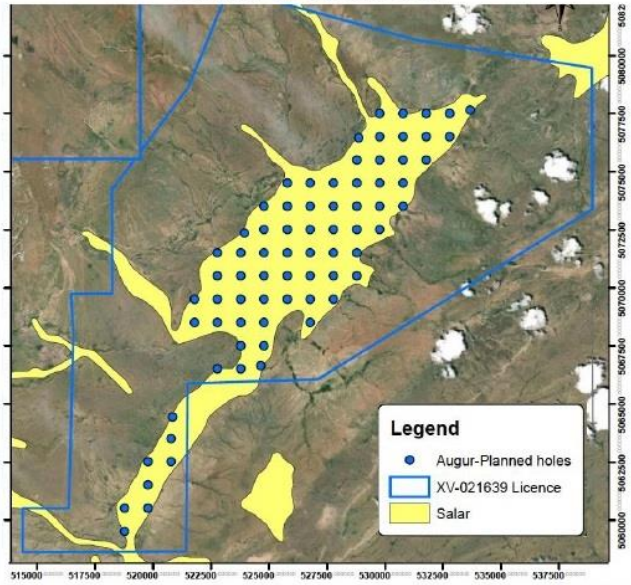
Between April and May 2022, ION Energy conducted the **maiden exploration program** at the Urgakh Naran Project consisting of 72 (820.5m) auger drill holes, 427 geochemical samples and 8 TEM geophysical lines covering 88 line km. At the time (in May), the company announced that a surface brine sample **assayed at 918 mg/l Li**. Most recent events during second half of 2022, see *Urgakh Naran Project (Review of 2022) section* above.

Survey Lines & Drill Hole Locations




ION Energy Press Release May 10, 2022

Drill map at Urgakh Naran




ION Energy Press Release September 13, 2021




ION Energy Presentations January & February 2022

**ION Energy Milestones**

- August 3, 2017 ION Energy formed as a private company incorporated in Ontario
- February 15, 2019 **Acquired the Baavhai Uul** exploration license from Golden Hill LLC
- February 27, 2019 Signed Letter of Intent with Spirit Banner Capital in a Qualifying Transaction
- August 20, 2019 Entered definitive agreement with Spirit to complete business combination
- August 26, 2020 ION Energy completes private placement concurrent with business combination
- August 27, 2020 Official date of IPO

- August 31, 2020 ION Energy began trading on the **TSXV** under the ticker ION
- Sept. 17, 2020 ION Energy listed on the **Frankfurt Stock Exchange** under the ticker 0K9
- October 2020 Conducted initial CSAMT geophysics survey at Li-11 (Baavhai Uul Project)
- January 2021 Conducted CSAMT geophysics survey at Li-8 (Baavhai Uul Project)
- January 14, 2021 ION Energy began trading on **OTCQB** Venture Market under ticker IONGF
- June-July 2021 Completed maiden exploration drilling program at Baavhai Uul Project
- Feb. 10, 2021 **Acquired Urgakh Naran** Lithium Salar Project (100%)
- Feb. 1, 2022 Entered into **JV** term sheet with **Aranjin Resources** (reciprocal exploration rights)
- June 2022 Completed **maiden exploration program at Urgakh Naran Project**
- August 2022 **Volume** of brine aquifer at **Urgakh Naran estimated to be 22.7 billion $m^3$**
- Sept.–Nov. 2022 Completed 3 diamond core lithological holes (954m) at **Urgakh Naran**
- December 2022 Completed 2 monitoring wells (each 300m in depth) at Urgakh Naran
- March 2023 Completed 3rd monitoring well (300m in depth) at Urgakh Naran
- April 2023 Commenced hydrogeological studies at Urgakh Naran
- May 2023 **Acquiring the Bliss Lake Lithium Project** located in the Northwest Territories

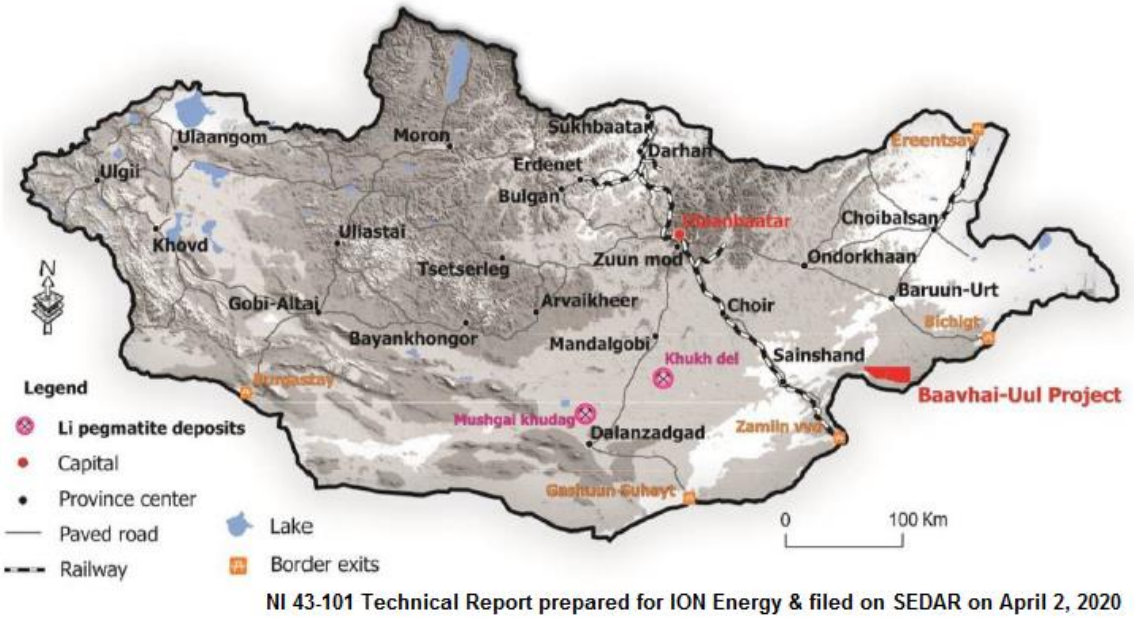



**Common Stock Chronicle**

ION Energy's shares began trading on the **TSXV** on August 31, 2020 under the trading symbol **ION**, following a **three-cornered amalgamation** with Spirit Banner Capital Corporation on August 26, 2020. Almost five months later (on January 14, 2021), the shares of ION Energy began trading on the **OTCQB** under the symbol **IONGF**. ION Energy's shares are also listed on the **Frankfurt Stock Exchange** (FRA) under the ticker **5YB**.

## BAAVHAI UUL LITHIUM BRINE PROJECT (100% owned)

ION Energy holds an exploration license on the Baavhai Uul Lithium Brine Project, an 81,758-hectare (202,028-acre) prospective property with **multiple lithium brine targets**. The license was acquired from Golden Hill LLC in August 2020. This **early-stage exploration project** has been explored by geochemical sampling (2016), geophysical surveys (2020) and an auger drilling program (2021). An NI 43-101-compliant mineral resource estimate has yet to be prepared for the property.




NI 43-101 Technical Report prepared for ION Energy & filed on SEDAR on April 2, 2020

Located in Sükhbaatar Province in the South Gobi Desert, the Baavhai Uul Lithium Brine Project is approximately 800km southeast of Ulaanbaatar, the capital of Mongolia, and is only 24km north of China. The area has an **arid climate** and low precipitation with short hot summers and long, dry cold winters.

Furthermore, the property is situated in the **Borgoin Gobione Basin**, one of the regional **endorheic basins** of the hydrogeological **Central Asian Internal Drainage Basin**. An **endorheic basin** is a closed drainage basin which retains water and does not allow outflows into external bodies of water. Endorheic watersheds are conducive to the formation of saline lakes that that have high concentrations of minerals from the inflow erosion products through internal drainage systems and the subsequent concentration of minerals through the evaporation process.

**Ownership - Baavhai Uul Project**

ION Energy **acquired the Baavhai Uul exploration license** from Golden Hill LLC, a purchasing agent acting on behalf of ION Energy, through a License Purchase Agreement dated February 15, 2019. The total consideration paid was US$1.0 million and 8,000,000 shares of ION Energy. The validity of the Baavhai Uul exploration license was confirmed by a Mongolian law firm on August 21, 2020. The Property is subject to a 1.5% gross revenue royalty held by Oxford Royalties Ltd.

**Exploration - Baavhai Uul Project**

***Geochemical Sampling (2016)***

Prior to ION Energy acquiring Baavhai Uul, **in 2016**, the Mongolian University of Science and Technology conducted a **geochemical sampling** of clay sediments at two (2) dry salt lakes on the property (designated as Li-8 and Li-11 on the map above). Clay samples were obtained by auger drilling, which was limited to a depth of 1m. Significant assay results were returned from both Li-8 and Li-11 locations. At Li-8, anomalous lithium grades averaged 569ppm and ranged from 211ppm to 810ppm while at Li-11, lithium grades averaged 361ppm and ranged from 311ppm to 420ppm.

**Assay Results for Clay Samples Collected at Baavhai Uul Property in 2016**

| Sample location | Coordinate UTM-49N | | Sample ID | Interval, m | | Assay results | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Easting | Northing | | from | to | Na, % | K, % | Ca, % | Mg, % | Li, ppm |
| Li-8 | 682171 | 4986982 | Li-8-1 | 0.0 | 0.2 | 1.95 | 2.87 | 0.96 | 0.47 | 211 |
| | | | Li-8-2 | 0.2 | 0.4 | 2.25 | 2.43 | 2.95 | 2.12 | 605 |
| | | | Li-8-3 | 0.4 | 0.6 | 2.28 | 2.42 | 2.93 | 2.13 | 601 |
| | | | Li-8-4 | 0.6 | 0.8 | 1.09 | 2.52 | 4.68 | 1.97 | 810 |
| | | | Li-8-5 | 0.8 | 1.0 | 1.85 | 2.09 | 3.59 | 1.76 | 618 |
| Li-11 | 642374 | 5001157 | Li-11 | | | 1.21 | 3.13 | 0.73 | 1.26 | 433 |
| | | | Li-11-1 | 0.0 | 0.2 | 1.04 | 3.01 | 1.30 | 1.14 | 380 |
| | | | Li-11-2 | 0.2 | 0.4 | 1.10 | 2.85 | 1.28 | 0.98 | 341 |
| | | | Li-11-3 | 0.4 | 0.6 | 0.82 | 2.93 | 0.81 | 0.90 | 352 |
| | | | Li-11-4 | 0.6 | 0.8 | 0.73 | 3.13 | 0.34 | 0.87 | 422 |
| | | | Li-11-5 | 0.8 | 1.0 | 1.30 | 2.75 | 0.40 | 0.84 | 311 |

**NI 43-101 Technical Report prepared for ION Energy & filed on SEDAR on April 2, 2020**

All the samples returned relatively low potassium (K) and magnesium (Mg) ratios. The **magnesium/lithium** (Mg/Li) **ratio** of brine deposits is a particularly **important factor** that affects production costs and the purity of the end product, lithium carbonate ($Li_2CO_3$). Lithium is generally extracted from brine utilizing several processes. Initially, solar evaporation concentrates the lithium brine *via* the natural precipitation of $Na^+$ and $K^+$ ions into NaCl and KCl. Then, conventional processing proceeds with the chemical precipitation of magnesium through the addition of slaked lime [$Ca(OH)_2$]. The higher the Mg/Li ratio,

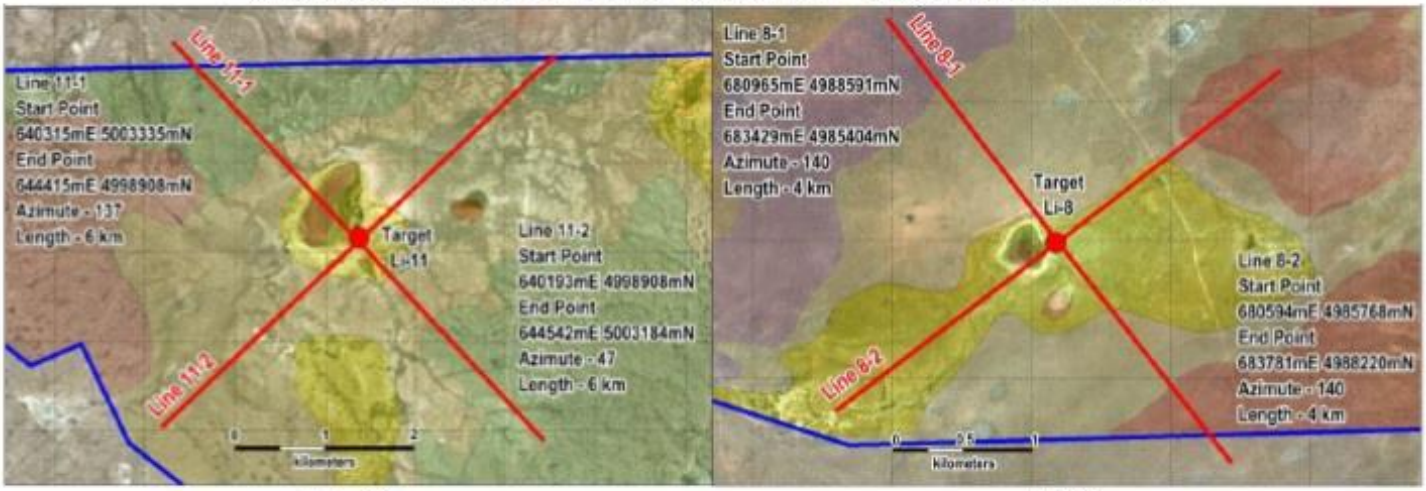
1) the larger the amount of chemicals and energy are consumed
2) the more waste is generated and
3) the lower the purity of precipitated lithium carbonate.

Therefore, the Li/Mg ratio has been traditionally one of key considerations that determine the viability of many lithium brine projects.

***Geophysical Surveys (October 2020)***

In late-October 2020, ION Energy commenced a **geophysical survey** at the Baavhai Uul Project, namely a **CSAMT** (Controlled-Source Audio-frequency MagnetoTellurics) program. A CSAMT survey transmits an electromagnetic signal into the ground over three overlapping frequency bands from one location that are received and measured at another location. Data were collected at soundings every 50 meters. The electric and magnetic readings are used to map subsurface resistivity, a useful method to reveal water-bearing layers and porous water-filled rock formations. The **purpose** was to **locate and map brine aquifers** in order to identify targets for upcoming diamond core and auger drill programs.

## Location of CSAMT and Seismic Exploration Lines




**Li-11** ION Energy Press Release October 21, 2020 **Li-8**

A 12 line-km **CSAMT** was completed **at Li-11** in 2020. However, due to COVID-19 restrictions, the 8 line-km **CSAMT at Li-8** resumed in January 2021 when the restrictions were lifted. The closely spaced soundings were taken at 50-meter intervals.

In May 2021, a **micro-seismic geophysical survey** was completed in order to identify the structure of the brine aquifers. Utilizing the reflection technique, the seismic waves reflected from the sub-surface structures indicated that the **aquifers are 20m-to-25m below surface**.[vi] There has not been an announcement concerning the thickness and width of the aquifers.

***Drilling Programs (2021)***

**Between early-June and mid-July 2021**, the company conducted its **maiden exploration drilling program**, which consisted of **27 core drill holes** (823.2m) at varying depths between 20m and 70m. A 12-person **exploration camp** was assembled for 12 personnel. Core and brine samples from the aquifers were collected but not assayed due to cross contamination. Brines were encountered between 20m-to-25m below surface at Li-11 and close to surface at Li-8.

## Exploration Camp at Baavhui Uul

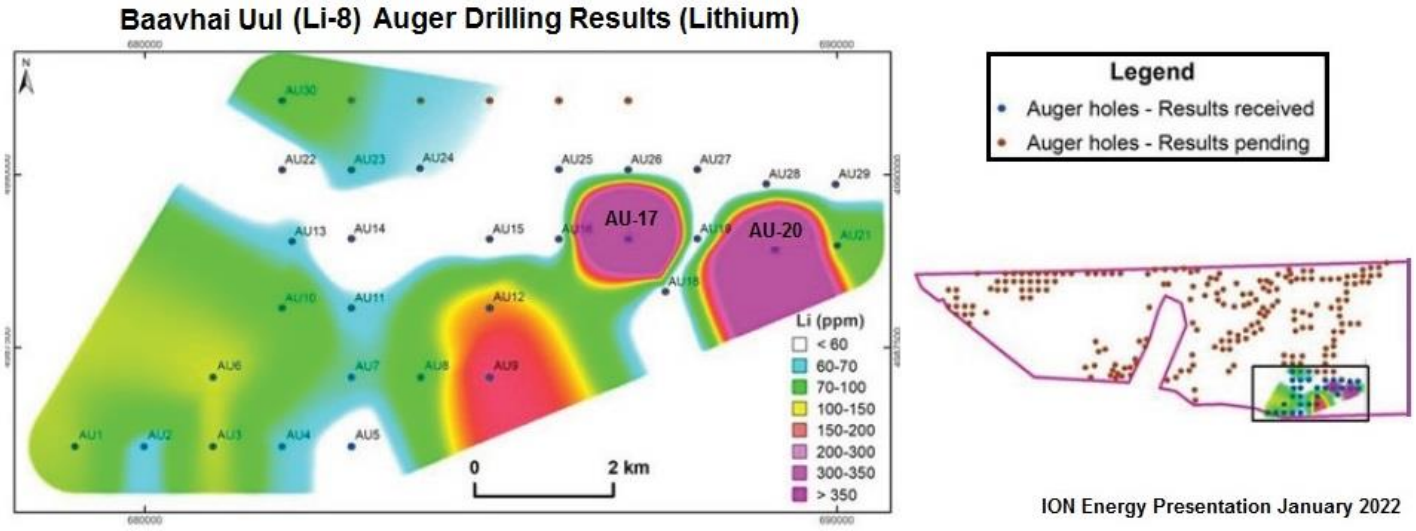


ION Energy Press Release June 9, 2021

In the **fall of 2021**, ION Energy commenced a **shallow, auger drilling program** utilizing three rigs. The auger holes were spaced approximately **one kilometer apart**. Each hole was drilled to a maximum depth of **six meters** and **samples were collected every 0.5 meter**. A total of **222 holes** (1,305.5m) were drilled. This was the company's initial broad pass over select target areas of the Baavhai Uul license.

During November approximately an eighth of the assay results from the auger drilling program had been delivered to management. On December 1, 2021, the company announced the **discovery of**

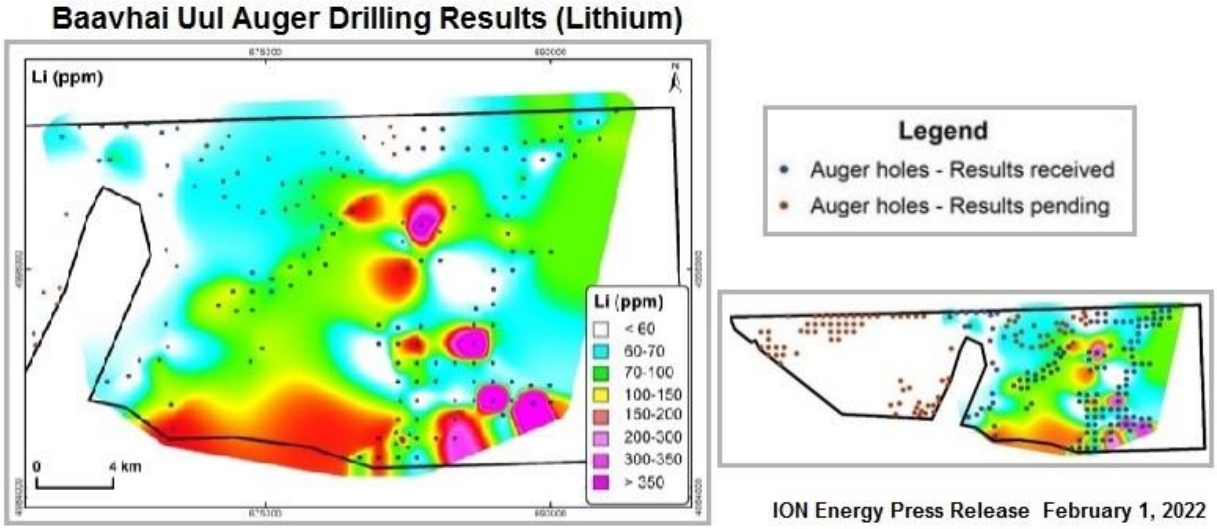
**the White Wolf Prospect** in the **Li-8** target area. Auger drill-hole **AU-17** assayed an average grade of 700ppm Li (from 0.5m to 3.5m depth) with a **high sample assay of 1,502ppm**, which superseded the prior high grade of 860ppm Li obtained during the 2016 geochemical sampling program.



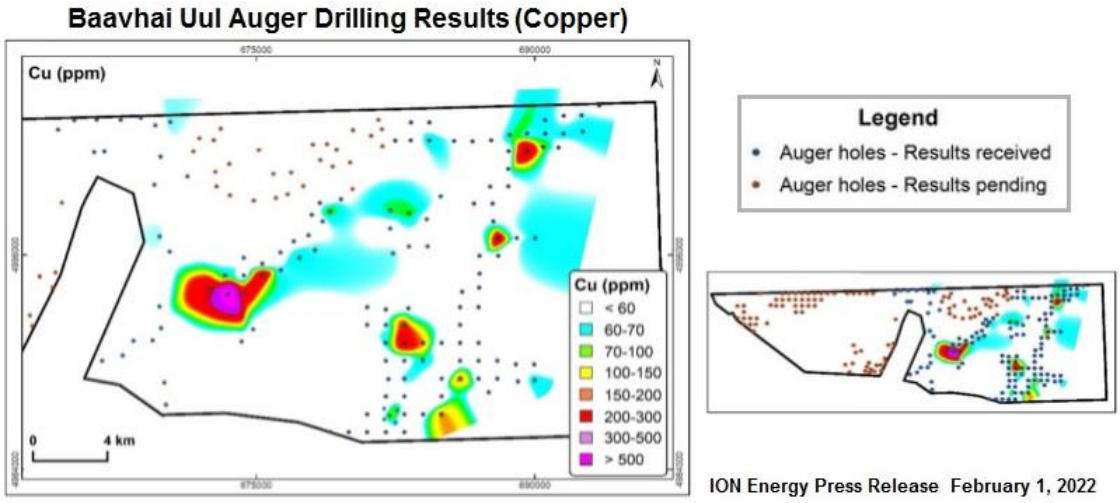

Another highlighted drill-hole was **AU-20**, which averaged 650ppm Li from 4m to 6m with a maximum assay of 860ppm Li.

***Discovery of Copper and Nickel (February 2022)***

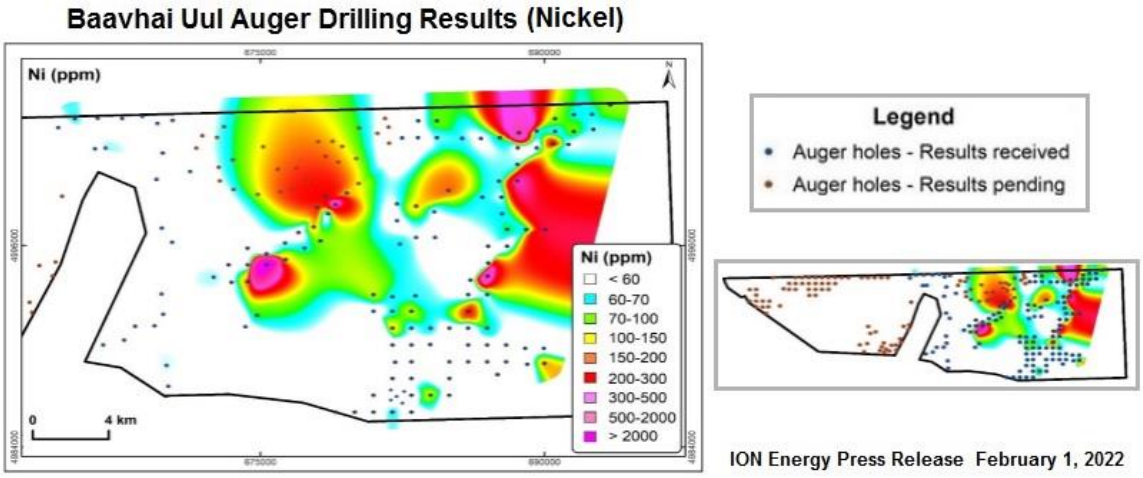
By the end of January 2022, about half of the assay results from the auger drilling program had been delivered to the company. On February 1, 2022, management announced that some the assays detected occurrences of copper and nickel. The press release included **heat maps** for the concentrations of not only **lithium**, but also **copper** and **nickel**. The copper and nickel geochemical anomalies occur in the central part of the Baavhai Uul Property. The copper anomaly covers an area of over 4 square km while the nickel anomaly is over 2 square km.




For copper, the highlighted drill-hole is **AU-85**, which averaged 103 ppm Cu between 2.5 and 3.0 meters with a maximum assay of **570 ppm Cu**. In addition, seven auger holes in the eastern part of the Baavhai Uul Property assayed at over 100 ppm Cu.




For nickel, the highlighted drill-hole is **AU-83**, which averaged 202 ppm Ni between 5.0 and 5.5 meters with a maximum assay of **2,150 ppm** (0.215%) **Ni**. Other auger holes in the eastern part of the Baavhai Uul Property assayed at between 200 ppm and **480 ppm Ni**.




The discovery of copper and nickel occurrences contributed to entering into an **exploration joint venture** with **Aranjin Resources** Limited in February 2022.

**Exploration JV with Aranjin Resources Limited**

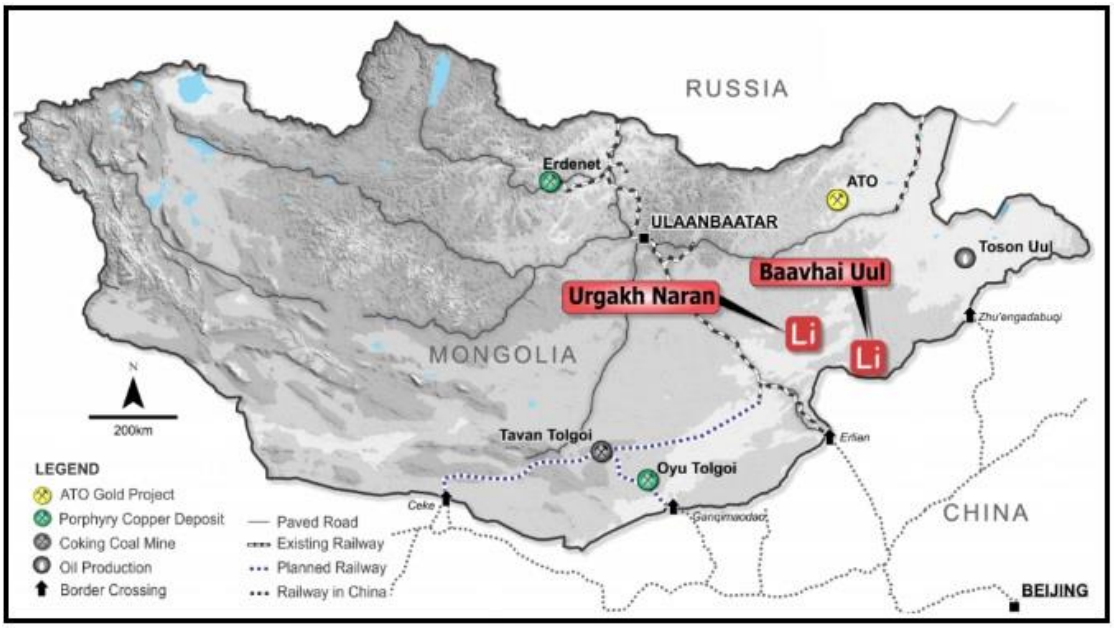
On February 1, 2022, **ION Energy** announced that the company and **Aranjin Resources Limited** (TSXV: ARJN) have entered into a binding term sheet for an **exploration joint venture** (JV). Under the JV, both companies **granted the other reciprocal exploration rights within Mongolia**, namely ION Energy was granted a right to explore Aranjin's properties (specifically the Sharga, Bayan Under and Baruun Tal Projects) for lithium and Aranjin was granted a right to explore ION's properties (specifically the Baavhai Uul and Urgakh Naran Projects) for base metals (primarily copper, but also lead, zinc, nickel, cobalt and associated metals).

ION Energy is the **largest lithium exploration license holder in Mongolia**, while Aranjin Resources is the **largest copper exploration license holder in Mongolia**. The synergistic joint venture represents a **significant exploration endeavor for battery metals** in Mongolia. The exploring Party will earn an 80% interest in any discoveries of its respective battery metal(s) on the other Party's properties, subject to existing royalties.

Upon the preparation of a Feasibility Study, a separate joint venture will be negotiated for the further development of the project. Over the three (3) years, ION is obligated to expend at least US$500,000 while Aranjin is obligated to expend US$3,000,000. If a Feasibility Study is not prepared within five (5) years, the reciprocal rights will be terminated.

## URGAKH NARAN PROJECT (100% owned)

ION Energy holds an exploration license on the **Urgakh Naran Lithium Brine Project**, a 29,770 hectare (73,560 acres) prospective lithium property in eastern Mongolia. The property has **multiple lithium brine targets located** within five salars, which were identified from a prior hydro-chemical sampling program. Urgakh Naran (aka Rising Sun in Mongolian) is a **very early-stage exploration project**.




ION Energy website February 21, 2022 https:ionenergy.ca/urgakh-naran-project/

Located in Dornogovi Province, the Urgakh Naran Lithium Brine Project is approximately 450km southeast of Ulaanbaatar and 151km WNW of the Baavhai Uul Project. **Situated in the South Gobi Desert**, the property is in close proximity to Delgerekh, which is 167km by road from Sainshand, the capital of Dornogovi Province. The Urgakh Naran area also has an arid climate and low precipitation with short hot summers and long, dry cold winters.

### Ownership - Urgakh Naran Lithium Brine Project

On February 10, 2021, ION Energy **acquired** the Urgakh Naran Project from the Mineral Resource Authority of Mongolia (MRAM) via a tender bid at a **cost of US$333,300**, which includes consulting fees for Erdenyn Erel LLC, a Mongolian company that acted as the agent in the granting process for the license.

### Description - Urgakh Naran Project

The Urgakh Naran exploration license encompasses approximately 29,770 hectares, of which 12,000 hectares (or a **20km by 6km area**) is comprised of the **Urgakh Naran Basin**. Geologically, the Basin is double-fault bound with salt basins and salt flats on surface. In the central part of the basin, there are **five** (5) **prospective salars**, including the 3,000-hectare (10km by 3km) **Urgakh Naran Salar**, which is the initial target of ION Energy's maiden auger drilling exploration program.

**Exploration - Urgakh Naran Project**

Little exploration has been conducted at Urgakh Naran; however, a hydro-chemical sampling program in 2016 identified lithium in shallow subsurface brines, which helped management pinpoint targets for the company's planned exploration program.

**Maiden Exploration Program - Urgakh Naran Project**

Between April and May 2022, ION Energy conducted the **maiden exploration program** at the **Urgakh Naran** Project, which was composed of:

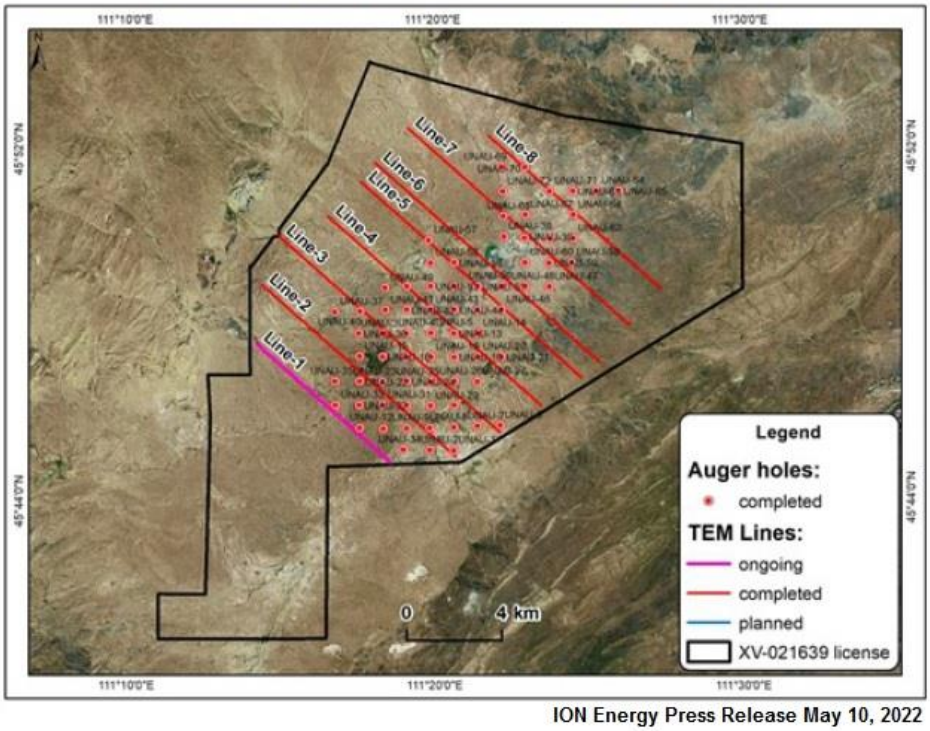
- **72** (820.5m) auger **drill holes**
- **427 geochemical** samples, including **brine samples**
- **8 TEM geophysical** lines covering **82 kilometers**

In late April, ION Energy's **management team visited Mongolia** to observe the drilling program. The team included CEO Ali Haji, Advisory Board member Don Hains and technical advisor Dr. Mark King.

The team observed the **prospectivity of the property** in terms of geology and morphology, which have some parallels to Nevada playa basins and South American salars. Evidence of artisanal salt harvesting was observed which is indicative of the presence of brine

The exploration efforts were conducted by in-country exploration personnel, which include well-trained geologists and hydro-geologists as well as highly-skilled mine workers. During their visit, members of the management team **provided technical advice** and further **training** to the in-country exploration team.

*Exploration status at Urgakh Naran as at May 9, 2022*




ION Energy Press Release May 10, 2022

The **auger drill program** was conducted according to hydrological sampling standards; namely, the holes were drilled 2 meters into the water table, generally to a depth of 12m. After being bailed at least two times and after waiting 24 hours for the holes to refill, brine samples were collected every two meters. At the time, the company announced that a surface brine sample **assayed at 918 mg/l Li**.

## FINANCINGS

ION Energy has successfully raised sufficient capital to pursue management's intermediate exploration initiatives for the Baavhai Uul and Urgakh Naran Projects.

The company's 2022 operations and exploration plans were funded by an upsized CAD$5.75 million bought deal offering that was **completed on April 13, 2021**. Initially announced as a CAD$3 million bought deal offering, immediate ensuing demand was estimated to be in the CAD$10 million range. Management conservatively capped the deal at CAD$5.0 with a CAD$0.75 over-allotment option. The offering consisted of 11,500,000 Units priced at CAD$0.50. Each Unit was comprised of one common share and one 3-year warrant exercisable at CAD$0.70. **Net proceeds were approximately CAD$5.212 million.**

ION Energy also financially benefited from the non-brokered Subscription Receipt offering that was **completed on August 26, 2020**, concurrent with the business combination with Spirit Banner Capital Corp. The offering consisted of the issuance of 9,063,329 subscription receipts, each priced at CAD$0.30. **Gross proceeds were CAD$2,718,999**.

Spirit Banner Capital Corp. was a **Capital Pool Company**, which is similar to a **Special Purpose Acquisition Company** (SPAC) in the United States. Without any commercial operations or assets (other than cash), Spirit Banner's purpose was to identify, evaluate and acquire a business through a Qualifying Transaction. The consequences of the qualifying business combination are that the Sponsors of the Capital Pool Company are well compensated while the acquired company (in this case ION Energy), benefits from access to capital as well as becoming a public company.

On **March 2, 2023**, ION Energy announced that a 100,000-share non-brokered private placement had been completed at a price of $0.40 per common share. **Gross proceeds were $40,000**; net proceeds will be used primarily for exploration activities.

The financial effect of the 2020 and 2021financings can be easily discerned by the significant upticks in the company's working capital (see table below). Also, the cash burn subsequent to the financings can be distinguished.

**ION Energy Limited**

**Working Capital**

| Year | 1Q | 2Q | 3Q | 4Q |
|---|---|---|---|---|
| **2020** | (966,906) | 808,947 | 1,794,472 | 1,468,404 |
| **2021** | 709,139 | 5,219,732 | 4,380,380 | 3,598,971 |
| **2022** | 3,012,218 | 2,097,218 | 1,440,957 | 888,956 |
| **2023** | 381,096 | | | |

## VALUATION

The valuation of junior exploration companies with projects that do not contain estimated resources is challenging. As an early-stage junior lithium exploration company, ION Energy cannot be valued on the basis of revenues, EBITDA, earnings or cash flow. Also, more sophisticated valuation methodologies based on resource estimates are not possible at this point.

Management's strategy is to increase shareholder value by exploring and de-risking prospective lithium exploration concessions located in Mongolia. Globally, the number of lithium-brine salars is finite, and given the technological advances in mapping and the unique environment required to form a salar, the probability of discovering additional prospective brine salars is low.

We prefer a valuation technique based on book value as an appropriate methodology for valuing **early-stage** junior exploration & development mining companies. Book value of an early-stage exploration company represents the equity capital that has been raised to acquire the mineral concessions and to conduct exploration programs. An amalgamation of information is encapsulated within the raised capital total, including the quality of the properties (both in terms of mineral potential and political stability) and the exploration results from introductory geophysical surveys and brine sampling programs. The equity capital that has been raised augments book value, which then represents the extent to which investors are willing to fund the acquisitive and exploration efforts of the company or in other words, **expresses a measure of investor confidence in the company's projects**. Therefore, **book value captures the complex valuation potential of the company's resource value potential by investors**, many with expert knowledge of junior mining companies in the exploration phase. Hence, we find the use of book value is an appropriate metric by which to determine a junior exploration company's valuation.

Large diversified lithium-producing companies are not appropriate comparables (such as Albemarle, SQM and Allkem), since these companies are in a different phase of development, namely the commercial production stage, where the dynamics of production and debt issues can be the significant factors driving valuation. As a point of reference, these more mature lithium mining companies are currently valued at an average 2.5 times book value.

**We believe that emerging junior exploration companies engaged in exploring and/or advancing lithium-brine projects are the applicable comparables to ION Energy.** Such companies include Alpha Lithium Corp. (TSXV: ALLI), Lithium Americas Corp. (TSX: LAC), Standard Lithium Ltd (TSXV: SLI) and Wealth Minerals (TSXV: WML) are suitable comparables. The comparable companies range in market capitalization from about CAD$120 million to CAD$4.5 billion with each controlling properties with salars encompassing roughly 10,000-to-60,000 hectares. All are focused on the exploration and/or development of lithium-brine properties.

| ***Industry Comparables*** | **Ticker** | **Exchange** | **U.S. Ticker** | **Beta** | **% Chg YTD** | **Mkt Cap ($CAD mil.)** | **Price/ Book** |
|---|---|---|---|---|---|---|---|
| **ION ENERGY LTD** | **IONGF** | OTCQB | IONGF | 1.77 | 36.6% | USD 16.2 | 2.8 |
| **ION ENERGY LTD** | **ION** | TSXV | IONGF | 2.09 | 46.2% | CAD 22.7 | 2.8 |
| Industry Mean | | | | 1.66 | 15.2% | 1,413.1 | 4.0 |
| Industry Median | | | | 1.82 | 22.5% | 537.7 | 3.6 |
| S&P/TSX Composite Index | TSX | | | 1.00 | 3.3% | N/M | 1.8 |
| S&P 500 | SPX | | | 1.00 | 9.5% | N/M | 3.6 |
| **Small Cap Juniors** | | | | | | | |
| ALPHA LITHIUM CORP. | ALLI | TSXV | APHLF | 2.05 | 30.2% | 202.6 | 3.4 |
| LITHIUM AMERICAS CORP. | LAC | TSX | LAC | 1.58 | 14.9% | 4,454.8 | 4.2 |
| STANDARD LITHIUM LTD. | SLI | TSXV | SLI | 2.29 | 31.0% | 872.7 | 5.2 |
| WEALTH MINERALS LTD. | WML | TSXV | WMLLF | 0.71 | -15.2% | 122.1 | 3.1 |
| **Larger Cap Producers** | | | | | | | |
| ALLKEM LIMITED | AKE | ASX | OROCF | 1.41 | 28.1% | AUD 7,100 | 1.5 |
| SQM | SQM | NYSE | SQM | 0.86 | -17.0% | USD 20,300 | 3.5 |
| ALBEMARLE | ALB | NYSE | ALB | 1.54 | -5.9% | USD 20,600 | 2.5 |

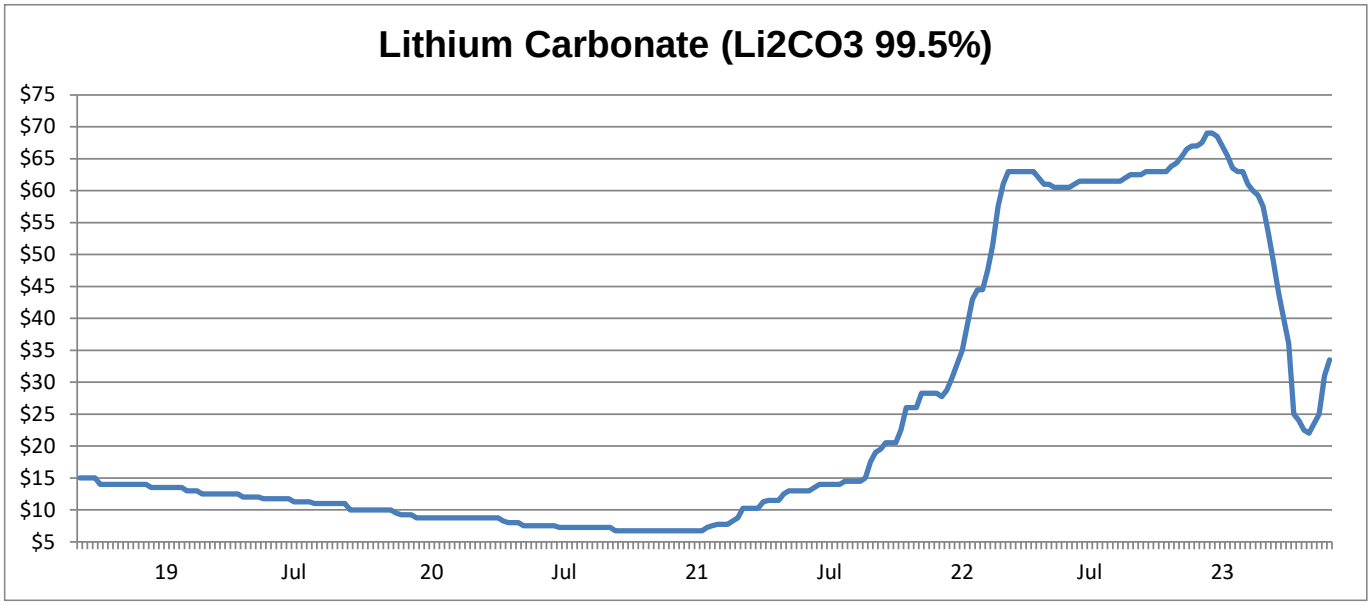
Since the company is in the process of acquiring the Bliss Lake Project in an all-equity transaction and there are two anticipated equity private placements, we are assuming these events will occur as planned and have adjusted the inputs for valuation process accordingly.

Currently, the P/B valuation range of these comparable companies is between 5.2 and 3.1. We believe that ION Energy can attain at second quartile price-to-book valuation of 4.6 times book, which indicates a **target of $0.33 per share**.

Over the last few years, the level of **M&A activity in the lithium space has been elevated**. Not only has the lithium mining industry consolidated through mergers and acquisition, but also corporate consumers of lithium have bought upstream assets in order to secure supply. The pool of quality, prospective lithium projects is dwindling. In 2022, Zijin Mining Group acquired Neo Lithium Corp. for approximately CAD$960 million in cash and plans to bring the Argentinian Tres Quebradas Salar Lithium Project into production by the end of 2023. Also, Lithium Americas completed the acquisition of Millennial Lithium for approximately CAD$491 million in stock in order to acquire the advanced-stage Pastos Grandes Project.

| | Ticker | Exchange | U.S. Ticker | Year Acquired | Acquiror |
|---|---|---|---|---|---|
| **Acquired Small Cap Juniors** | | | | | |
| Li3 ENERGY, INC. | LIEG | OTCQB | LIEG | 2017 | Bearing Lithium |
| LITHIUM X ENERGY CORP. | LIX | TSXV | LIXXF | 2018 | NextView New Energy Lion |
| LSC LITHIUM CORP. | LSC | TSXV | LSSCF | 2019 | Pluspetrol Resources Corp. |
| ADVANTAGE LITHIUM CORP. | AAL | TSXV | AVLIF | 2020 | Orocobre |
| MILLENNIAL LITHIUM CORP. | ML | TSXV | MLNLF | 2022 | Lithium Americas |
| NEO LITHIUM CORP. | NLC | TSXV | NTTHF | 2022 | Zijin Mining Group |

In addition, the **fundamentals of the lithium market remain strong**. The high level of investments in electric vehicles (EVs) by the major automobile manufacturers is driving the demand for lithium. Lithium carbonate prices are rebounding after a sharp correction over the last four months.



## RISKS

- As with almost all early-stage junior mining companies, ION Energy has yet to generate cash flow from operations to fund management's initiatives. However, the company has been able to effectively fund its exploration and developmental operations and initiatives to date.

- Consistent with the need to fund the company's exploration and developmental activities, along with general corporate expenses, management financed its initiatives through the issuance of equity. As a result, shares outstanding increased 40.3% in 2021, but only 5.9% in 2022.

- As with any metals company, the price of the targeted mineral is beyond management's control, in the case of ION Energy, primarily the price of lithium carbonate. Consequently, any significant movements in the price of lithium would materially affect the outlook of the company. Currently the fundamental outlook for the lithium industry is positive with the price of the commodity rising.

- The company's Lithium Brine Projects (Baavhai Uul and Urgakh Naran) are located in Mongolia. Therefore, ION Energy's operations are subject to Mongolia's government policies, political uncertainties, currency fluctuations and changes in mining regulations, among other country-related risks.

- An NI 43-101-compliant estimated mineral resource has yet to be defined at Baavhai Uul or Urgakh Naran. Though exploration results are encouraging and an Inferred MRE is anticipated in the near future, there is no assurance that the exploration concessions will be commercially viable.

## BALANCE SHEETS

| ION Energy Limited | | | | | |
|---|---|---|---|---|---|
| Balance Sheet | 2019 | 2020 | 2021 | 2022 | 1Q 2023 |
| (Canadian Dollars) | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 3/31/2023 |
| **ASSETS** | | | | | |
| Cash and cash equivalents | 120,947 | 1,302,474 | 3,970,019 | 542,212 | 154,044 |
| Prepaid expenses and deposits | - | 483,036 | 275,625 | 219,548 | 125,992 |
| Receivables | - | - | 144,029 | 281,592 | 321,729 |
| Due from related party | 4,422 | - | - | 101,749 | 103,648 |
| **Total current assets** | **125,369** | **1,785,510** | **4,389,673** | **1,145,101** | **705,413** |
| Property and equipment | 34,457 | 34,740 | 25,691 | 19,127 | 17,815 |
| Investment – Star Royalties | 187,500 | 0 | 0 | 0 | 0 |
| Baavhai-Uul Project – Exploration License | 933,223 | 965,183 | 1,586,084 | 1,609,889 | 1,576,844 |
| Urgakh Naran Project – Exploration License | - | - | 473,423 | 962,981 | 1,003,708 |
| **TOTAL ASSETS** | **1,280,549** | **2,785,433** | **6,474,871** | **3,737,098** | **3,303,780** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Accounts payable and accrued liabilities | 148,318 | 317,106 | 790,702 | 256,145 | 324,317 |
| Due to related party | 129,186 | 0 | 0 | 0 | 0 |
| Loan liability | 225,000 | 0 | 0 | 0 | 0 |
| Other liabilities | 584,460 | 0 | 0 | 0 | 0 |
| **Total current liabilities** | **1,086,964** | **317,106** | **790,702** | **256,145** | **324,317** |
| License purchase payable | 0 | 0 | 0 | **253,560** | **253,560** |
| **Total Liabilities** | **1,086,964** | **317,106** | **790,702** | **509,705** | **577,877** |
| **Stockholders' Equity** | | | | | |
| Share capital | 3,100,626 | 6,597,056 | 9,795,260 | 10,045,847 | 10,152,021 |
| Contributed surplus | 0 | 1,771,682 | 4,005,437 | 3,994,003 | 4,225,226 |
| Accumulated other comprehensive inc. (loss) | (8,788) | (35,313) | (28,592) | (193,760) | (265,239) |
| Accumulated deficit | (2,898,253) | (5,865,098) | (8,087,936) | (10,618,697) | (11,386,105) |
| **Shareholder's equity** | **193,585** | **2,468,327** | **5,684,169** | **3,227,393** | **2,725,903** |
| **TOTAL LIABILITIES & STOCKHOLDERS'** | **1,280,549** | **2,785,433** | **6,474,871** | **3,737,098** | **3,303,780** |
| Shares outstanding | 49,742,410 | 48,525,671 | 60,333,534 | 60,633,534 | 60,816,034 |

Prior to August 26, 2020, ION Energy was a private incorporated company. Upon becoming a public company through a **business combination with Spirit Banner Capital Corp**., a Capital Pool Company, ION Energy benefitted from an influx of capital. For accounting purposes, the transaction was **structured as a reverse takeover** (RTO); therefore, financials prior to 2020 reflect the status of Spirit Banner Capital, and not of ION Energy.

## PROJECTED ANNUAL INCOME STATEMENTS

# ION Energy Limited

| Income Statement<br>(Canadian Dollars)<br>(For Years Ending December 31) | Year ending 12/31/2019 | Year ending 12/31/2020 | Year ending 12/31/2021 | Year ending 12/31/2022 | Est. Year ending 12/31/2023 |
|---|---|---|---|---|---|
| **Total Revenues** | **0** | **0** | **0** | **0** | **0** |
| **Operating Expenses** | | | | | |
| Professional fees | 860,997 | 531,387 | 913,736 | 906,499 | 978,794 |
| Due Diligence costs | - | 14,723 | 2,747 | 0 | 0 |
| Stock based compensation | - | 779,171 | 268,261 | 65,078 | 297,485 |
| Filing fees | - | 66,282 | 103,794 | 96,099 | 132,155 |
| Travel and accommodation | 34,017 | 1,002 | 0 | 204,403 | 138,937 |
| Marketing expenses | 16,391 | 312,499 | 728,247 | 1,039,869 | 947,296 |
| General and office | 59,406 | 76,135 | 203,583 | 243,700 | 175,619 |
| Loss (gain) amended agreement | 300,000 | 0 | 0 | 0 | 0 |
| **Total Operating Expenses** | **1,270,811** | **1,781,199** | **2,220,368** | **2,555,648** | **2,670,286** |
| **Income (loss) from operations** | **(1,270,811)** | **(1,781,199)** | **(2,220,368)** | **(2,555,648)** | **(2,670,286)** |
| Interest income | 25,344 | 58 | 0 | 25,436 | 18,634 |
| Impairment (loss) Inv. in Associate | (348,138) | 0 | 0 | 0 | 0 |
| Gain (loss) exercise of warrants | (26,862) | 0 | 0 | 0 | 0 |
| Gain (loss) accts payable write-off | 0 | 0 | 17,375 | 0 | 0 |
| Listing fees | 0 | (1,165,839) | 0 | 0 | (457) |
| Foreign exchange gain (loss) | 13,524 | (19,865) | (19,845) | (549) | 18,177 |
| **Total other income (expense):** | **(336,132)** | **(1,185,646)** | **(2,470)** | **24,887** | **36,354** |
| **Net Income (loss)** | **(1,606,943)** | **(2,966,845)** | **(2,222,838)** | **(2,530,761)** | **(2,633,932)** |
| **Net eanings per share (basic and diluted)** | **($0.045)** | **($0.073)** | **($0.039)** | **($0.042)** | **($0.036)** |
| Wgtd. avg. shares outstanding | 35,718,052 | 40,607,963 | 56,979,068 | 60,364,716 | 73,960,854 |

# ION Energy Limited

| Income Statement<br>(Canadian Dollars)<br>(For Years Ending December 31) | Year ending 12/31/2021 | 1Q 3/31/2022 | 2Q 6/30/2022 | 3Q 9/30/2022 | 4Q 12/31/2022 | Year Estimate 12/31/2022 |
|---|---|---|---|---|---|---|
| **Total Revenues** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Operating Expenses** | | | | | | |
| Professional fees | 913,736 | 187,009 | 271,406 | 224,216 | 223,868 | 906,499 |
| Due Diligence costs | 2,747 | 0 | 8,067 | 0 | (8,067) | 0 |
| Stock based compensation | 268,261 | 0 | 16,262 | 16,262 | 32,554 | 65,078 |
| Filing fees | 103,794 | 17,055 | 30,213 | 34,090 | 14,741 | 96,099 |
| Travel and accommodation | 0 | 19,325 | 17,857 | 36,613 | 130,608 | 204,403 |
| Marketing expenses | 728,247 | 252,638 | 290,665 | 260,576 | 235,990 | 1,039,869 |
| General and office | 203,583 | 127,368 | 78,078 | 80,446 | (42,192) | 243,700 |
| Gain on accounts payable write off | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Operating Expenses** | **2,220,368** | **603,395** | **712,548** | **652,203** | **363,634** | **2,555,648** |
| **Income (loss) from operations** | **(2,220,368)** | **(603,395)** | **(712,548)** | **(652,203)** | **(363,634)** | **(2,555,648)** |
| Interest income (expense) | 0 | 0 | 8,666 | 0 | 16,770 | 25,436 |
| Gain (loss) exercise of warrants | 0 | 0 | 0 | 0 | 0 | 0 |
| Gain (loss) accts payable write-off | 17,375 | 0 | 0 | 0 | 0 | 0 |
| Listing fees | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign exchange gain (loss) | (19,845) | (88,308) | 88,803 | (456) | (588) | (549) |
| **Total other income (expense):** | **(2,470)** | **(88,308)** | **97,469** | **(456)** | **16,182** | **24,887** |
| **Net Income (loss)** | **(2,222,838)** | **(691,703)** | **(615,079)** | **(652,659)** | **(347,452)** | **(2,530,761)** |
| **Net eanings per share (diluted)** | **($0.039)** | **($0.011)** | **($0.010)** | **($0.011)** | **($0.006)** | **($0.042)** |
| Wgtd. avg. shares outstanding | 56,979,068 | 60,453,534 | 60,468,534 | 60,564,633 | 60,633,534 | 60,364,716 |

# ION Energy Limited

| Income Statement<br>(Canadian Dollars)<br>(For Years Ending December 31) | Year ending 12/31/2022 | 1Q 3/31/2023 | 2Q E 6/30/2023 | 3Q E 9/30/2023 | 4Q E 12/31/2023 | Year Estimate 12/31/2023 |
|---|---|---|---|---|---|---|
| **Total Revenues** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Operating Expenses** | | | | | | |
| Professional fees | 906,499 | 228,794 | 250,000 | 250,000 | 250,000 | 978,794 |
| Stock based compensation | 65,078 | 247,485 | 0 | 50,000 | 0 | 297,485 |
| Filing fees | 96,099 | 23,454 | 41,549 | 46,880 | 20,272 | 132,155 |
| Travel and accommodation | 204,403 | 33,937 | 35,000 | 35,000 | 35,000 | 138,937 |
| Marketing expenses | 1,039,869 | 197,296 | 250,000 | 250,000 | 250,000 | 947,296 |
| General and office | 243,700 | 40,619 | 43,000 | 45,000 | 47,000 | 175,619 |
| Gain on accounts payable write off | 0 | 0 | 0 | 0 | | 0 |
| **Total Operating Expenses** | **2,555,648** | **771,585** | **619,549** | **676,880** | **352,272** | **2,670,286** |
| **Income (loss) from operations** | **(2,555,648)** | **(771,585)** | **(619,549)** | **(676,880)** | **(352,272)** | **(2,670,286)** |
| Interest income (expense) | 25,436 | 4,634 | 2,000 | 8,000 | 4,000 | 18,634 |
| Gain (loss) exercise of warrants | 0 | 0 | 0 | 0 | 0 | 0 |
| Gain (loss) accts payable write-off | 0 | 0 | 0 | 0 | 0 | 0 |
| Listing fees | 0 | 0 | 0 | 0 | 0 | (457) |
| Foreign exchange gain (loss) | (549) | (457) | 0 | 0 | 0 | 18,177 |
| **Total other income (expense):** | **24,887** | **4,177** | **2,000** | **8,000** | **4,000** | **36,354** |
| **Net Income (loss)** | **(2,530,761)** | **(767,408)** | **(617,549)** | **(668,880)** | **(348,272)** | **(2,633,932)** |
| **Net eanings per share (diluted)** | **($0.042)** | **($0.013)** | **($0.010)** | **($0.008)** | **($0.004)** | **($0.036)** |
| Wgtd. avg. shares outstanding | 60,364,716 | 60,738,173 | 60,816,034 | 87,144,605 | 87,144,605 | 73,960,854 |

## HISTORICAL STOCK PRICE

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