

Ion Energy Ltd.
(Formerly Spirit Banner Capital Corp.)
Management Discussion and Analysis
For the three and nine months ended September 30, 2020

The following interim management discussion and analysis (“MD&A”) of the results of the operations and financial position of Ion Energy Ltd. prepared for the three and nine months ended September 30, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management’s discussion & analysis, being for the Management’s Discussion & Analysis (“Annual MD&A”) for the year ended December 31, 2019. This analysis should be read in conjunction with the Company’s unaudited interim financial statements for the three and nine months ended September 30, 2020. All figures contained in this MD&A are presented in Canadian dollars.

Forward Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward- looking statements as a result of various risk factors.

Company Overview

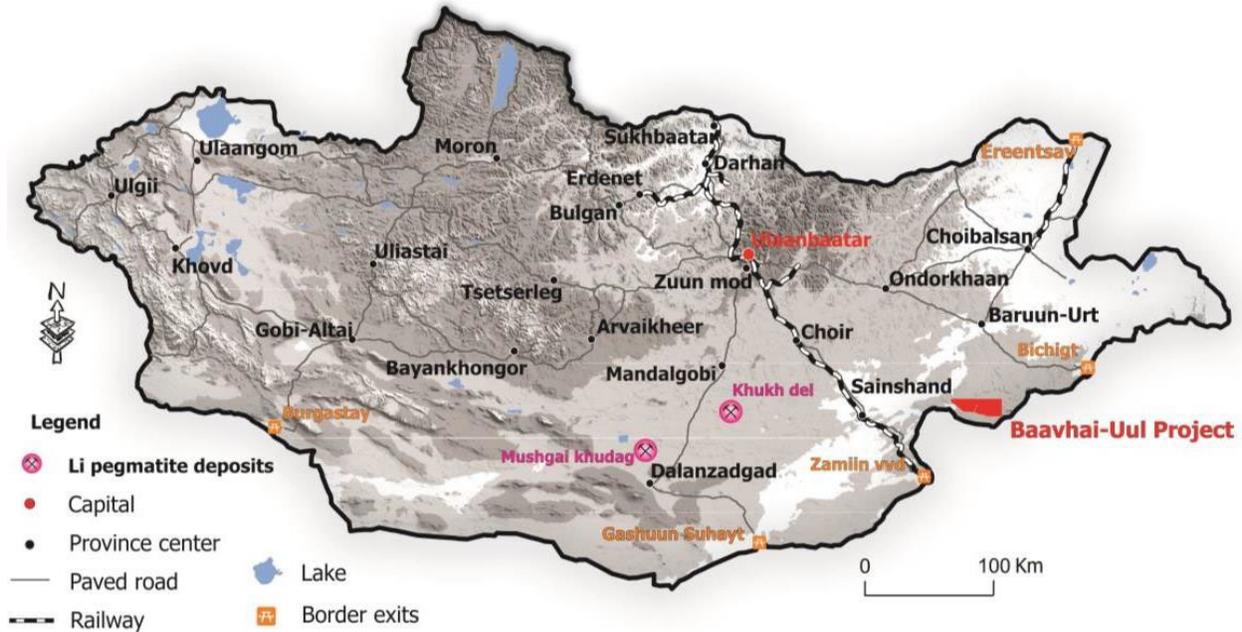
Ion Energy Ltd., formerly Spirit Banner Capital Corp. (the “Company”), was incorporated under the Business Corporation Act (Alberta) on June 5, 2017 and was classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

On February 27, 2019, the Company signed a binding letter of intent (“LOI”) with Ion Energy Ltd. in which the Company acquired all if the issued and outstanding common shares of Ion Energy Ltd. in a three-cornered amalgamation (the “Transaction”) involving the Company, Ion Energy Ltd. and 2724661 Ontario Ltd., a wholly owned subsidiary of the Company. The transaction constitutes the “Qualifying Transaction” as such terms is defined in the TSX Venture Exchange Policy 2.4 – Capital Pool Companies. On August 26, 2020, the Company completed the Transaction, changed its name to Ion Energy Ltd. and resumed trading on the Exchange under the symbol “ION”.

The Company is engaged in the business of seeking and identifying lithium assets in Asia since incorporation. The Company is the owner of a lithium exploration license to explore an area approximately 81,758 hectares in size containing lithium brine targets (the “Baavhai-Uul Project” or the “Property”). Limited work by the Mongolian University of Science and Technology has indicated lithium content in brines of up to 810ppm Li for brine and lake sediment samples on the Baavhai-Uul Project. Ion Energy Ltd.

Baavhai-Uul Project

The lithium property is located in a semi-desert climate with low annual precipitation in southeast Mongolia near the state boundary. The Property is accessible from the capital Ulaanbaatar by recently built, good quality paved roads to the Baruun-Urt province center, Sukhbaatar province (800km). The access from the province center to project area Baavhai Uul is approximately 200 km by ground road. For more information, please refer to the Baavhai-Uul technical report publicly available on www.sedar.com.



The registered office of the Company is located at Suite 902, 18 King St E, Toronto Ontario M5C 1C4. The head office of the Company is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5H 4A6.

Corporate Highlights

On August 21, 2017, Ion Energy Ltd closed a founder round totaling 60,064,320 common shares at a value of 0.005 cents for cash totaling C\$300,322.

During the period ended December 31, 2017, Ion Energy accrued shares to settle debt totaling 6,000,000 at a value of C\$0.05 to directors, officers and consultants for services rendered during the period.

During the period ended December 31, 2018, Ion Energy accrued shares to settle debt totaling 16,400,000 at a value of C\$0.05 to directors, officers and consultants for services rendered during the period.

On February 15, 2019 Ion Energy Ltd. signed a binding contract with Golden Hill LLC. The terms of the agreement are summarized as below:

- The purchase price payable by Ion Energy to the Golden Hill LLC for Licenses shall be aggregate amount of US\$1,200,000 and 5,000,000 common shares in the capital stock of Ion Parent.
- Ion Energy shall pay the Purchase price less applicable taxes to the Seller on the following dates:
 - On the Closing date, US\$500,000 in cash and 5,000,000 common shares upon the Seller transferring the Licenses to Ion Energy LLC
 - On the completing of a technical report prepared in accordance with National Instrument 43-101, US\$200,000 in cash.
 - On completion of the initial exploration programmes as recommended by the Technical Report, including for greater certainty: geological, geophysical studies and soil sampling results, US\$300,000 in cash.
 - On completion of an initial exploration drilling programme of over 2,000 meters recommended by the Technical report, US\$200,000 in cash.

During the period ended June 30, 2019, Ion Energy issued shares for cash totaling 2,000,000 at a value of C\$0.10, shares to be issued for cash totaling 1,360,480 at a value of C\$0.10 and shares to be issued for services rendered by consultants and management totaling 4,285,714 at a value of C\$0.10. The company recognized shares to be issued for services totaling \$500,000 or 5,000,000 shares from January 1, 2019 to July 31, 2019.

On August 8, 2019, the Company entered into a Royalty Agreement with Star Royalties Ltd. which is related through common directorship. Management of the Company has concluded that the Company has significant influence over Star Royalties as it owns <20% shares of Star Royalties, therefore, needs to account the investment using equity method accounting. The value of the royalty as at September 30, 2019 was \$562,500 which was paid via Star royalty share issuance for 7,500,000 shares at \$0.075 per share. The Fair value of the investment was calculated using the price determined in November where Star Royalties issued shares at \$0.075 to other parties. This reduced the future economic value of the Baavhai-Uul Project – Exploration License, therefore \$562,500 was deducted from the asset. On February 24, 2020, the Company sold back Star Royalties' shares for \$187,500. Upon this event, the management assessed the impairment on investment and recognised \$348,138 impairment loss as at December 31, 2019. There was no loss recognised during nine months ended September 30, 2020.

On August 15, 2019 a binding contract signed on February 15, 2019 was amended for the purchase of the lithium exploration license. The terms of the agreement are summarized as follows:

- The purchase price payable by Ion Parent to Golden Hill LLC for the Licenses shall be an aggregate amount of US\$1,000,000 and 8,000,000 common shares in the capital stock of Ion Parent.
- Ion Energy shall pay the Purchase Price less applicable taxes to the Seller on the following dates:
 - (i) On the date of amendment of the agreement US\$100,000 in cash and 8,000,000 Common Shares.
 - (ii) On completion of Ion Parent completing a going public transaction and listing of the Common Shares on a recognized Canadian stock exchange, US\$400,000 in cash.
 - (iii) On completion of an initial exploration programme as recommended by a technical report prepared in accordance with National Instrument 43-101 prepared for the Baavkhai Uul project located in Sukhbaatar province, US\$200,000 in cash.
 - (iv) On completion of a feasibility study as such term shall be defined in the Technical Report, US\$200,000 in cash.
 - (v) On the issuance of a mining license for the Baavkhai Uul project located in Sukhbaatar province, US\$100,000 in cash.

As at September 30, 2020, schedule payments (i) and (ii) have been paid to Golden Hill and schedule payment (iii) above has been accrued as loans payable to Golden Hill LLC.

On August 27, 2020, the Company announced that it has completed its previously announced qualifying transaction (the "Qualifying Transaction") with Old Ion Energy. As previously announced, the parties received conditional approval of the TSX Venture Exchange (the "TSXV") on March 30, 2020.

For additional information about the Qualifying Transaction, please refer to the Company's press releases dated August 20, 2019, November 18, 2019, December 19, 2019, January 30, 2020, April 3, 2020 and August 4, 2020, each of which is available at www.sedar.com.

Pursuant to the Qualifying Transaction:

- Spirit Banner implemented, immediately prior to the completion of the amalgamation (referred to below) a share consolidation of Spirit Banner's 19,030,780 issued and outstanding common shares (the "Spirit Banner Shares") on the basis of one new Spirit Banner Share for every two existing Spirit Banner Shares;
- Old Ion Energy implemented, immediately prior to the completion of the amalgamation (referred to below) a share consolidation of Old Ion Energy's 99,484,820 issued and outstanding common shares (the "Old Ion Energy Shares") on the basis of either one new Old Ion Energy Share for every two existing Old Ion Energy Shares or one new Old Ion Energy Share for every six existing Old Ion Energy Shares (the "Consolidation");
- Old Ion Energy and 2724661 Ontario Limited ("Spirit Banner SubCo"), a wholly- owned subsidiary of the Company, have amalgamated and continued on as a new company under the name "Ion Energy Holdings Inc." ("AmalCo");
- Each one issued and outstanding common share of Old Ion Energy has been cancelled and replaced by one issued and outstanding common share of the Company;
- All of the property and assets of each of Old Ion Energy and Spirit Banner SubCo have become the property and assets of AmalCo and AmalCo is now liable for all of the liabilities and obligations of each of Old Ion Energy and Spirit Banner SubCo.

Concurrent Financing

In connection with the Qualifying Transaction, Old Ion Energy completed the previously announced non-brokered concurrent financing which consisted of the issuance of 9,063,329 subscription receipts (the "Subscription Receipts") offered at \$0.30 per Subscription Receipt, for gross proceeds of \$2,718,999 (the "Financing").

Each Subscription Receipt was automatically converted, without payment of additional consideration, into one post-Consolidation unit of Old Ion Energy (a "Unit") (consisting of one common share and one warrant to purchase one common share for 24 months following issuance, at an exercise price of \$0.40 per common share) upon satisfaction of the conditions

precedent to the Qualifying Transaction. Subsequent to the conversion of the Subscription Receipts, the Old Ion Energy common shares and Old Ion Energy warrants issued pursuant to the Financing were exchanged for equivalent common shares and warrants of the Company, respectively, on a 1:1 basis.

If at any time after four months and one day from the completion of the Qualifying Transaction, the common shares of the Company trade at \$0.60 per common share or higher (on a volume weighted adjusted basis) for a period of twenty days, the Company will have the right to accelerate the expiry date of the warrants exchanged for the Old Ion Energy warrants to the date that is thirty days after the Company issues a news release announcing that it has elected to exercise this acceleration right.

The net proceeds of the Financing will be used by the Company will be used for exploration purposes on Ion Energy's Mongolian property and for general corporate purposes.

Escrow Securities

In connection with the Company's initial public offering, 4,515,390 of the Company's common shares beneficially owned by insiders of the Company are held in escrow pursuant to a CPC escrow agreement (the "CPC Escrow Agreement") on the terms fully disclosed in the Filing Statement. In connection with the closing of the Qualified Transaction, an additional 15,337,277 common shares of the Company will be held in escrow pursuant to the additional surplus escrow agreement between the Company, its escrowed shareholders and TSX Trust Company as the escrow agent (the "Surplus Escrow Agreement"), and an addition 6,733,435 common shares of the Company will be held in escrow pursuant to the additional value escrow agreement between the Company, its escrowed shareholders and TSX Trust Company as the escrow agent (the "Value Escrow Agreement").

The 15,337,277 shares of the Company subject to escrow under the Surplus Escrow Agreement shall be released from escrow as follows:

- 5% of such escrowed shares will be released immediately upon the issuance of the TSXV bulletin evidencing final acceptance of the Qualifying Transaction,
- 5% six (6) months following the initial release,
- 10% twelve (12) months after the initial release,
- 10% eighteen (18) months following the initial release,
- 15% twenty-four (24) months from the initial release,
- 15% thirty (30) months from the initial release and
- 40% thirty-six (36) months from the initial release.

The 6,733,435 shares of the Company subject to escrow under the Value Escrow Agreement shall be released from escrow as follows: 10% of such escrowed shares will be released immediately upon the issuance of the TSXV bulletin evidencing final acceptance of the Qualifying Transaction with the balance to be released in six equal tranches of 15% every six months thereafter.

Subsequent Events

On October 21, 2020, the Company announced that it is commencing its geophysics (CSAMT and reflection seismic) study on the Baavhai Uul Lithium Brine project in Sukhbaatar Province, Mongolia. The geophysics program is specifically designed to progressively identify and map brine aquifers as potential targets for a series of drill tests.

On the same date, the Company announced that it has granted to the directors of the Company an aggregate of 3,000,000 incentive stock options to purchase common shares under the Company's incentive stock option plan. Each Stock Option is exercisable into a common share of the Company at a price of \$0.32 for a period of five years from the date of grant. The Stock Options will vest immediately and be subject to the terms and conditions of the Plan and the policies of the TSX Venture Exchange.

Financial Highlights

The following table sets forth selected unaudited interim financial information of the Company as at September 30, 2020. This financial information is derived from, and should be read in conjunction with, the unaudited financial statements of the Company for the three and nine months ended September 30, 2020 and the notes thereto. Financial information presented below is prepared in accordance with accounting policies in accordance with IFRS unless otherwise stated.

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Total Assets	\$3,546,625	\$1,280,549
Cash and cash equivalents	\$2,255,473	\$120,947
Prepaid expenses and deposits	\$97,110	-
Property and Equipment	\$36,367	\$34,457
Investment – Star Royalty	-	\$187,500
Baavhai Uul License	\$1,153,253	\$933,223
Current Liabilities	\$562,533	\$1,086,964
Total Liabilities	\$562,533	\$1,086,964
Net Income (Loss)	(\$1,784,685)	(\$1,087,018)
Basic and Diluted Net Income (Loss) per Share	(\$0.06)	(\$0.01)

Liquidity and Capital Resources

As at September 30, 2020, the Company had cash and cash equivalents of \$2,255,473, prepaid expenses of \$97,110, property, plant and equipment of \$36,367, due from related party of \$4,422 and Baavhai Uul Exploration expenses of \$1,153,253 resulting in total assets of \$3,546,625. The Company had current liabilities of \$562,533 and working capital of \$1,794,472.

Cash outflows of \$480,177 was recorded from operating activities for the nine months ended September 30, 2020. This is primarily due to outflows relating to Share issuance costs, Professional fees, Marketing expense, Filing fees and General and Office expenses.

Additional Disclosure for Venture Issuers without Significant Revenue

The Company has no revenue from operations. The following is an income statement for the three and nine months ended September 30, 2020 and 2019:

Income Statement	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Professional fees	\$204,425	\$128,540	\$299,759	\$746,472
Filing Fees	\$52,023	-	\$52,023	-
Due Diligence cost	\$4,952	-	\$4,952	-
Travel and accommodation	\$3,637	\$1,957	\$3,637	\$15,437
General and office	\$30,728	\$34,201	\$46,637	\$51,667
Marketing expense	\$96,833	-	\$106,457	-
Foreign exchange (gain)/loss	\$(37,842)	\$3,619	\$16,734	\$(1,252)
Loss on amended agreement	-	\$300,000	-	\$300,000
Listing fee	\$1,254,544	-	\$1,254,544	-
Other income	\$(10)	\$(25,213)	\$(59)	\$(25,306)
Net loss for the period	\$1,609,290	\$443,104	\$1,784,685	\$1,087,018

Results from Operations

Three months ended September 30, 2020 compared to three months ended September 30, 2019

During the three months ended September 30, 2020, the Company reported a net loss of \$1,609,290 with basic and diluted loss per share of (\$0.04) compared to reported net loss of \$443,104 with basic and diluted loss per share of \$(0.01) for the three months ended September 30, 2019. The net loss for the three months ended September 30, 2020 was principally attributable to listing fees in relation to the closing of the Qualifying Transaction, professional fees, marketing expenses and general and office expenses.

Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

During the nine months ended September 30, 2020, the Company reported a net loss of \$1,784,685 with basic and diluted loss per share of \$(0.06) compared to reported net loss of \$1,087,018 with basic and diluted loss per share of \$(0.01) for the nine months ended September 30, 2019. The net loss for the nine months ended September 30, 2020 was principally attributable to listing fees in relation to the closing of the Qualifying Transaction, professional fees, marketing expenses and general and office expenses.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. Each common share entitles the holder to one vote at all meetings of shareholders and represents an interest in dividends declared by the Company and an undivided interest in the net assets of the Company.

At September 30, 2020, the Company had the following outstanding securities:

- 48,525,671 common shares;
- 725,549 stock options to acquire one common share at a weighted average exercise price of \$0.20;
- 9,208,409 warrants to acquire one common share at a weighted average exercise price of \$0.40

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements at September 30, 2020.

Related Party Transactions

As December 31, 2019 there was an outstanding payable amount of Nil and \$129,186, respectively to Bataa Tumor-Ochir (Director). The loan, which was due on demand and non-interest bearing, was repaid on September 15, 2020.

The Company has a subscription receivable of \$4,422 outstanding from a director of the Company as at nine months ended September 30, 2020 and year ended December 31, 2019.

On August 8, 2019 the Company entered into a Royalty Agreement with an entity which is related through common directorship. The value of the royalty was \$562,500 which was paid via Star royalty share issuance for 7,500,000 shares. The transaction was recorded as investment in associate on the statement of financial position and as a reduction to the Baavhai-Uul Project – Exploration License, representing the sale of interest in the mineral rights. On February 24, 2020, the Company sold back Star Royalties' shares for \$187,500. Upon this event, the management assessed the impairment on investment and recognised \$348,138 impairment loss as at December 31, 2019. There was no loss recognised during nine months ended September 30, 2020.

On November 18, 2019, the Company and Ion Energy entered into the QT Loan Agreement amended as of February 26, 2020, and March 27, 2020 whereby the Company agreed to advance \$225,000 to Ion Energy as a refundable deposit for the proposed Transaction, as contemplated by Section 8.5(a) of TSXV Policy 2.4 – Capital Pool Companies. The QT Loan Agreement does not bear interest and is due and payable on the earlier of (a) August 31, 2020; or (b) if the Transaction is not completed, on the date 10 days after the termination of the Transaction. The loan was repaid upon completion of the Transaction.

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capitals.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions.

In connection with the Qualifying Transaction, Old Ion Energy completed the previously announced non-brokered concurrent financing which consisted of the issuance of 9,063,329 subscription receipts (the "Subscription Receipts") offered at \$0.30 per Subscription Receipt, for gross proceeds of \$2,718,998.70 (the "Financing").

Critical Accounting Estimates

The Company's significant accounting policies are summarized in Note 4 to the unaudited interim financial statements for the three and nine months ended September 30, 2020.

Changes in Accounting Policies

The Company's adoption of new accounting policies is summarized in Note 4 to the unaudited interim financial statements for the three and nine months ended September 30, 2020.

Risk Factors

The risk factors associated with the principal business of ION are discussed below. Briefly, these relate to the highly speculative nature of the mining industry characterized by the requirement for large capital investment from an early stage and a low probability of finding economic mineral deposits. Due to the nature of ION's business and the present stage of the Baavhai-Uul Project, ION may be subject to significant risks. Readers should carefully consider all such risks set out in the discussion below. ION's actual exploration and operating results may be very different from those expected as at the date of this MD&A.

Dependence on Single Mineral Project

The Baavhai-Uul Project is the only exploration project in which ION currently holds an interest. As such, the operations of ION will be dependent on the Baavhai-Uul Project, which may never develop into a commercially viable brine deposit/aquifer. Any adverse development affecting the Baavhai-Uul Project will have a material adverse effect on the Company's business, prospects, financial performance and results of operations.

Limited Operating History and Financial Resources

ION has a limited operating history and expects that its losses will continue for the foreseeable future. Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications, and delays encountered in connection with the exploration of the mineral properties that the Company plans to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of mineral claims may not result in the discovery of mineral deposits. If the results of future exploration programs do not reveal viable commercial mineralization, the Company may decide to abandon its claims and acquire new claims for new exploration or cease operations.

Mineral Reserves & Resources

ION has not defined any Mineral Reserves or Resources on its Baavhai-Uul Project, and there can be no assurance that any of the concessions under exploration contain commercial quantities of any minerals. Even if commercial quantities of minerals are identified, there can be no assurance that the Company will be able to exploit the resources or, if the Company is able to exploit them, that it will do so on a profitable basis. Substantial expenditures may be required to locate and establish Mineral Reserves, to develop extraction processes and to construct mining and processing facilities at a site, and substantial additional financing may be required. It is impossible to ensure that the exploration programs planned by the Company will result in a profitable commercial mining operation. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: (i) the attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) Lithium prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; (iv) ongoing costs of production; and (v) availability and cost of additional funding. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Operational Risks

Mineral exploration and mining involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include unusual or unexpected formations, formation pressures, inclement weather conditions, seismic activity, fires, power outages, industrial accidents, flooding, explosions, rock bursts, cave-ins and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, catastrophic damage to property or loss of life, labour disruptions, technological failure of mining methods, equipment failure or the inability to obtain suitable or adequate machinery, equipment or labour.

Foreign Operations Risks

The Baavhai-Uul Project is located in Mongolia. The Company may be subject to governmental, political, economic, and other uncertainties, including, but not limited to, expropriation of property without fair compensation, changes in policies or the personnel administering them, nationalization, currency fluctuations and devaluations, exchange controls and royalty increases, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the imposition of specific obligations and the other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities, insurrections, the actions of national labour unions, terrorism, extortion and kidnapping. Such instability may require the Company to suspend its

operations. Additionally, the perception of political or others exist in Mongolia may hinder the Company's ability to access capital in a timely or cost-effective manner.

The Company's operations may also be adversely affected by laws and policies of Canada affecting foreign trade, taxation, and investment. In the event of a dispute arising in connection with the Company's operations in Mongolia, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions.

Title to Properties

The Company will not maintain insurance against the title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. Ion has diligently investigated title to its mineral claims; however, this should not be construed as a guarantee of title. The Company will continue to diligently investigate and seek to confirm title to mineral concessions, which it holds either directly or through its equity interest in its subsidiaries. The Company cannot give any assurance that title to any of its properties will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mining properties. The possibility also exists that title to existing properties or future prospective properties may be lost due to an omission in the claim of title, prior activities of the property vendors, or changes in Mongolian mining laws or the application thereof, which affects the Company's title.

ION has obtained a title opinion from Mongolian legal counsel with respect to title to the Baavhai-Uul Project held by ION, but this should not be construed as a guarantee of title. Other parties may dispute title to any of the Company's mineral properties, and any of the Company's properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected encumbrances or defects or governmental actions. The Company will not have all of the surface rights at the Baavhai-Uul Project, and there is no assurance that these surface rights will be granted, or they will be on reasonable terms if granted.

Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. These factors include interest rates, the rate of inflation or deflation, global and regional supply and demand, consumption patterns, forward sales by producers, currency exchange fluctuations, speculative activities and increased production due to improved mining and production methods.

The Company's future revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of Lithium. The prices of these commodities are affected by numerous factors beyond the Company's control.

Dependence on Future Financings

The Company will require significant capital and operating expenditures in connection with the development of the Baavhai-Uul Project. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, and operating expenses and geological results are all factors that will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on the financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all.

Government Regulation

The proposed mining, processing, development and mineral exploration activities of the Company are subject to various laws governing environmental protection, natural resources prospecting, development, production, post-closure reclamation, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. The costs associated with compliance with such laws and regulations are substantial. Although ION believes that its mining and processing operations and exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be interpreted and applied in a manner which could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the development of the Baavhai-Uul Project in which the Company may acquire an interest.

Permits and Licences

The mining and exploration activities of the Company will require permits from various governmental authorities and such operations are and will be, governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies

engaged in mining and exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations, and permits. While ION believes that it currently has all permits and licenses necessary to carry on activities on the Baavhai-Uul Project, a substantial number of additional permits and licenses may be required. The Company anticipates that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses and permits; however, there can be no assurance that all permits that the Company may require for mining and exploration will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake.

Health and Safety Risk

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer. Failure to comply with applicable health and safety laws may result in injunctions, damages, suspension or revocation of licenses or permits and the imposition of penalties.

Environmental Matters

The Company's operations will be subject to local laws and regulations regarding environmental matters, the use or abstraction of water, and the discharge of mining wastes and materials. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important factors affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Competition

The mining industry is intensely competitive in all of its phases, and the Company will compete with other exploration companies which have greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees and other persons to carry out its mineral exploration and development activities. Increased demand for exploration, development and construction services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

Non-Governmental Organization Intervention

The Company's relationship with the communities in which it operates will be critical to ensure the future success of its existing operations and the construction and development of its projects. A number of Non-Governmental Organizations are active in Mongolia. These organizations may create or encourage public unrest and anti-mining sentiment among the inhabitants in areas of mineral development. Such organizations have been involved, with financial assistance from other groups, in mobilizing sufficient local anti-mining sentiment to prevent the issuance of required permits for the development of other mineral projects. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company's business, prospects, financial position, results of operations or the Company's property development.

Key Personnel

Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The success of the Company is largely dependent on the

performance of its key personnel. The Company's success is also largely dependent on its ability to hire and retain other highly qualified personnel. This is particularly true in highly technical businesses such as mineral exploration. The number of persons skilled in acquisition, exploration, and development of mining properties is limited and competition for this workforce is intense. As the Company's business activity grows, the Company will require additional key executive, financial, operational, administrative and mining personnel. These individuals are in high demand and the Company may not be able to attract the personnel it needs. Failure to retain key personnel or to attract and retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's business, its operating results as well as its overall financial condition.

Insurance and Uninsured Risk

The business of the Company will be subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, explosions, natural phenomena such as inclement weather conditions, floods and earthquakes, changes in the regulatory environment and political or social instability. Such occurrences or events could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses, and possible legal liability.

Although the Company plans to maintain insurance for protection against certain risks in amounts it considers being reasonable, such insurance may not cover all the potential risks associated with Company's operations. Moreover, insurance against political risk and risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. In conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. Circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to the Company.

Currency Risks

The Company will report its financial results and maintains its accounts in Canadian dollars. The Company's operations in Mongolia will make it subject to further foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company will be exposed to foreign exchange risk from the exchange rate of the Mongolian MNT relative to the Canadian and United States dollars. Foreign exchange risk is mainly derived from assets and liabilities stated in MNT. Management of the Company intends to limit the Company's foreign exchange risk by the acquisition of short-term financial instruments and, when possible, minimize its pesos monetary asset positions.

No Dividends

The Company does not expect to pay dividends on the issued and outstanding Company shares in the foreseeable future. If the Company generates any future earnings such cash resources will be retained to finance further growth and current operations. The board of directors of the Company will determine if and when dividends should be declared and paid in the future based on the financial position of the Company and other factors relevant at that time. Until the Company pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the Company shares unless such Company shares are sold.

Enforcement of Civil Liabilities

Substantially all of the assets of the Company will be located outside of Canada and certain of the directors and officers of the Company are or may be resident outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the Company's directors and officers residing outside of Canada.

Additional Information

For further detail, see the Company's audited financial statements for the year ended December 31, 2019. Additional information about the Company can also be found on SEDAR.

