



Lithium Ion Energy Ltd.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023
(Expressed in Canadian Dollars)**

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Ion Energy Limited ("the Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three and nine months ended September 30, 2023 have not been reviewed by the Company's auditors.

Lithium Ion Energy Ltd.

Unaudited Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars)

As at	Note	September 30, 2023	December 31, 2022
Assets		\$	\$
Current assets:			
Cash and cash equivalents		320,652	542,212
Prepaid expenses and deposits		85,833	219,548
Sales tax and other receivables		417,723	281,592
Related party note receivable		-	101,749
Total current assets		824,208	1,145,101
Non-current assets:			
Property and equipment	3	16,178	19,127
Exploration and evaluation assets	4	2,875,266	2,572,870
Total Assets		3,715,652	3,737,098
Liabilities and shareholders' equity			
Liabilities – current:			
Accounts payable and other liabilities		625,985	256,145
Liabilities – non-current:			
License purchase payable	4	270,400	253,560
Total liabilities		896,385	509,705
Shareholders' equity			
Share capital	5	11,140,343	10,045,847
Contributed surplus		4,305,225	3,994,003
Accumulated other comprehensive (loss)		(244,144)	(193,760)
Accumulated deficit		(12,382,157)	(10,618,697)
Total shareholders' equity		2,819,267	3,227,393
Total liabilities and shareholders' equity		3,715,652	3,737,098

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of business (Note 1)

Subsequent event (Note 8)

Approved by the Board of Directors on November 24, 2023:

Director: Ali Haji

Director: Matthew Wood

Lithium Ion Energy Ltd.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2023
(Expressed in Canadian Dollars)

	Notes	Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		\$	\$	\$	\$
General and administrative expenses					
Professional fees		193,548	224,216	631,016	682,631
Due diligence cost		-	-	-	8,067
Stock based compensation		-	16,262	247,485	32,524
Filing fees		33,752	34,090	86,207	81,358
Travel and accommodation		27,530	36,613	82,084	177,184
Marketing expenses		254,169	260,576	587,512	803,879
General and office		47,226	80,446	111,459	182,503
Interest (income) expense		5,555	-	(2,022)	(8,666)
Foreign exchange (gain) or loss		-	456	19,719	(39)
Net loss for the period		(561,780)	(652,659)	(1,763,460)	(1,959,441)
Cumulative translation adjustment		372	3,153	13,413	(98,598)
Net loss and comprehensive loss for the period		(561,408)	(649,506)	(1,750,048)	(2,058,039)
Basic and diluted net loss per share	6	(0.01)	(0.01)	(0.03)	(0.03)
Weighted average number of common shares outstanding		64,306,717	60,564,633	62,195,202	60,495,722

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Lithium Ion Energy Ltd.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars)

		Common Shares		Contributed	Accumulated	Accumulated	Total
	Note	Number	Amount	Surplus	Other Comprehensive Loss	Deficit	
			\$	\$	\$	\$	\$
Balance, December 31, 2021		60,333,534	9,795,260	4,005,437	(28,592)	(8,087,936)	5,684,169
Common shares issue		300,000	250,587	(76,512)	-	-	174,075
Stock based compensation		-	-	32,524	-	-	32,524
Cumulative translation adjustment		-	-	-	(98,598)	-	(98,598)
Net loss for the period		-	-	-	-	(1,959,441)	(1,959,441)
Balance, September 30, 2022		60,633,534	10,045,847	3,961,449	(127,190)	(10,047,377)	3,832,729
Balance, December 31, 2022		60,333,534	10,045,847	3,994,003	(193,760)	(10,618,697)	3,227,393
Stock options exercised	5	182,500	106,174	(16,263)	-	-	89,911
Private placement	5	4,000,000	856,894	80,000	-	-	936,894
Bliss Lake Project acquisition	4	571,428	131,428	-	-	-	131,428
Stock based compensation		-	-	247,485	-	-	247,485
Cumulative translation adjustment		-	-	-	(50,384)	-	(50,384)
Net loss for the period		-	-	-	-	(1,763,460)	(1,763,460)
Balance, September 30, 2023		65,087,462	11,140,343	4,305,225	(244,144)	(12,382,157)	2,819,267

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Lithium Ion Energy Ltd.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

	Note	September 30, 2023	September 30, 2022
Operating Activities		\$	\$
Net loss for the period		(1,763,460)	(1,959,441)
Adjustments for:			
Depreciation		634	634
Stock based compensation		247,485	32,524
Foreign exchange gain or loss		11,828	3,419
Changes in non-cash working capital items:			
Receivables, prepaids and deposits		(2,415)	(125,746)
Accounts payable and accrued liabilities		336,351	(284,579)
Net cash used in operating activities		(1,169,579)	(2,333,189)
Investing activities			
Exploration and Evaluation Assets	4	(212,278)	(409,225)
Net cash used in investing activities		(212,278)	(409,225)
Financing activities			
Promissory note Aranjin - repaid	7	100,000	-
Proceeds from exercised options		49,912	174,075
Proceeds from share issuance, net of costs	5	1,010,383	-
Proceeds from exercised warrants		-	(18,574)
Net cash provided by financing activities		1,160,295	155,501
Effect of foreign exchange		-	-
Net change in cash and cash equivalents		(221,561)	(2,586,913)
Cash and cash equivalents, beginning of period		542,212	3,970,019
Cash and cash equivalents, end of the period		320,651	1,383,106

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 (Expressed in Canadian Dollars)

1. Incorporation and Nature of Business

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

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

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

These unaudited condensed interim consolidated financial statements have been prepared under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Since inception, the Company has incurred ongoing losses and had a cumulative deficit of \$12,382,157 as at September 30, 2023 (December 31, 2022 - \$10,618,697). These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing, to commence profitable operations in the future, and repay its liabilities arising from normal business operations as they become due. These unaudited condensed interim consolidated financial statements do not reflect any adjustments, which could be material, that may be necessary if the Company is unable to continue as a going concern.

2. Basis of Preparation and Significant Accounting Policies

(a) Statement of compliance

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

(b) Basis of presentation

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

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

The accounting policies applied in preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's annual financial statements for the year ended December 31, 2022.

(c) Basis of measurement

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

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

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 (Expressed in Canadian Dollars)

2. Basis of Preparation and Significant Accounting Policies (Continued)

(d) Basis of consolidation

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, Ion Energy Holdings Inc. ("Holdings Inc.") a company incorporated in Canada on November 1, 2019 and Ion Energy LLC ("Ion Mongolia") a company incorporated in Mongolia on October 4, 2017. Ion Energy Holdings Ltd. is a wholly owned subsidiary of Ion Energy Ltd. Ion Energy LLC is a wholly owned subsidiary of Ion Energy Holdings Ltd. On August 10, 2022 the Company acquired 100% of 1402166 B.C. Ltd. The Company has consolidated the assets, liabilities and expenses of its subsidiaries after the elimination of inter-company transactions and balances. The subsidiary's principal business is the acquisition and development of mineral properties.

(e) Use of judgments and estimates

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

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Judgments

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations (disclosed below), that management has made in the process of applying the Corporation's accounting policies and that have a significant effect on the amounts recognized in the consolidated financial statements.

Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

Recoverability of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditures and property and equipment requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events and circumstances. These assumptions may change if new information becomes available. If, after an expenditure has been capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off to profit or loss in the period to the extent that the carrying amount exceeds its recoverable amount, subject to further estimates by management.

Property Interests

Although the Company takes steps to verify title exploration and evaluation assets in which it has an interest, however, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

Fair Value of Options and Warrants

The fair value of stock options and warrants issued are subject to the limitations of the Black Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black Scholes option pricing model requires the inputs of highly subjective assumptions, including the volatility of share prices, changes in input assumptions can materially affect the fair value estimate.

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2023
(Expressed in Canadian Dollars)

3. Property and Equipment

	Equipment	Furniture	Total
Cost			
Balance as at January 1, 2022	\$32,198	\$2,816	\$35,014
Foreign exchange difference	(3,850)	-	(3,850)
Balance as at December 31, 2022	\$28,348	\$2,816	\$31,164
Foreign exchange difference	(342)	-	(342)
Balance as at September 30, 2023	\$28,006	\$2,816	\$30,822
Accumulated De			
Balance as at January 1, 2022	\$8,056	\$1,267	\$9,323
Depreciation during year	2,984	845	3,829
Foreign exchange difference	(1,115)	-	(1,115)
Balance as at December 31, 2022	\$9,925	\$2,112	\$12,037
Depreciation during period	2,084	634	2,717
Foreign exchange difference	(110)	-	(110)
Balance as at September 30, 2023	\$11,899	\$2,746	\$14,644
Net Book Value			
Balance as at December 31, 2022	\$18,423	\$704	\$19,127
Balance as at September 30, 2023	\$16,108	\$70	\$16,178

During the nine months ended September 30, 2023, depreciation totaling \$2,084 (year ended December 31, 2022 – \$2,984) was capitalized to the Baavhai Uul Project with the remaining \$634 (December 31, 2022 - \$845) expensed in the condensed interim consolidated statement of loss and comprehensive loss.

4. Exploration and Evaluation Assets

	Baavhai Uul	Urgakh Naran	Bliss Lake	Little Nahanni	Total
Balance, January 1, 2022	\$1,586,084	\$473,423	-	-	\$2,059,507
Additions	176,300	511,787	-	-	\$688,087
Reclassification	(79,615)	79,615	-	-	-
Foreign exchange	(72,880)	(101,844)	-	-	\$(174,724)
Balance, December 31, 2022	\$1,609,889	\$962,981	-	-	\$2,572,870
Additions	24,755	147,624	150,476	22,935	\$345,790
Foreign exchange	(32,433)	(10,961)	-	-	\$(43,394)
Balance, September 30, 2023	\$1,602,211	\$1,099,644	\$150,476	\$22,935	\$2,875,266

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 (Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (Continued)

Baavhai Uul Project – Exploration License

The Company is the owner of a mineral exploration license (the “License”) to explore an area approximately 81,758 hectares in size containing lithium brine targets (the “Baavhai Uul Project”). The Company acquired the License pursuant to a purchase agreement dated February 15, 2019. The terms of the agreement are summarized below.

The original purchase price payable by Ion to the Seller for the License was US\$1,200,000 and 2,500,000 common shares. The initial payment terms were as follows:

- (i) On the Closing date, US\$500,000 in cash and 2,500,000 common shares upon the Seller transferring the Licenses to Ion Energy LLC.
- (ii) On the completing of a technical report prepared in accordance with National Instrument 43-101, US\$200,000 in cash.
- (iii) 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.
- (iv) On completion of an initial exploration drilling programme of over 2,000 meters recommended by the Technical report, US\$200,000 in cash.

The agreement was amended on August 15, 2019, revising the purchase price payable for the License to US\$1,000,000 and 4,000,000 common shares payable as follows:

- (i) On the date of amendment of the agreement US\$100,000 in cash and 4,000,000 Common Shares.
- (ii) On completion of the Company 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 Baavhai 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 Baavhai Uul project located in Sukhbaatar province, US\$100,000 in cash.

The original fair value of the license was capitalized to the Baavhai Uul Project – Exploration at \$667,130 in the consolidated statement of financial position. The agreement was subsequently amended, and the difference noted in the fair value was treated as a loss on amendment of agreement and was recorded as a loss in the consolidated statement of loss and comprehensive loss.

As at September 30, 2023, schedule payments (i) and (ii) have been paid. Payment (iii) has been recognized as a long-term liability as at December 31, 2022 and September 30, 2023 as the Company expects to meet this milestone in 2024. The remaining terms will be reflected in the consolidated statement of financial position of the Company once it is probable the conditions for payment will be met.

On August 8, 2019, the Company entered into a Royalty Agreement under which Ion sold a gross revenue royalty of 1.5% on the Baavhai Uul Project. As at September 30, 2023, the royalty remained active and outstanding.

Urgakh Naran Project – Exploration License

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

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

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

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

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 (Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (Continued)

The Company will issue up to 1,250,000 common shares (with a floor price per share of \$0.20) one year from Closing if an assay result of a sample from the Property during the 12 months after the Closing Date yields a grade of at least 0.5% Li₂O, and up to 1,250,000 common shares (with a floor price per share of \$0.20) two years from Closing if an assay result of a sample from the Property during the 24 months after the Closing Date yields a grade of at least 0.5% Li₂O. If the Company announces a mineral resource estimate of at least 5 million tonnes of measured, indicated and inferred resources containing Lithium Oxide (Li₂O) grading of at least 1.00% on the mining claims on the Property, the Company will pay an additional \$300,000 cash payment within five days of the announcement to certain vendors. One third of the share-based milestone payments and one half of the cash-based milestone payment (should the above conditions be met) are payable to the Company's CFO, Robert Payment. Mr. Payment became an officer of the Company after the close of the acquisition of 1402166 B.C. Ltd.

Little Nahanni Mineral Claims

The Company acquired the Little Nahanni Claims by staking during the period ended September 30, 2023.

5. Share Capital

(a) Authorized

Unlimited number of common voting shares.

(b) Issued Common Shares

Common shares issued during the period ended September 30, 2023 were as follows:

- (i) On January 11, 2023, the Company issued a total of 82,500 shares in exchange of options exercised at a price of \$0.605 with the total proceeds of \$49,912. The value attributed to these options was \$16,262.
- (ii) On March 3, 2023, the Company issued 100,000 common shares in a non-brokered private placement at \$0.40 per share for aggregate gross proceeds of \$40,000.
- (iii) On July 20, 2023, the Company completed a non-brokered private placement of 4,000,000 units of the Company ("Units") at a price of \$0.25 per Unit, for aggregate gross proceeds of \$1,000,000 (the "Offering"). Each Unit consists of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one Share for \$0.40 for a period of 12 months after the closing of the Offering. In connection with the Offering, the Company aggregate cash commission of \$29,617 and recorded legal expenses for share issuance of \$33,489. Warrants issued in relation to the Units have been valued at \$80,000 using the residual value method and have been allocated to contributed surplus.
- (iv) On August 11, 2023, the Company closed the acquisition of 1402166 B.C. Ltd. the Company issued 571,428 common shares with a fair value of \$131,428 (Note 4).

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 (Expressed in Canadian Dollars)

5. Share Capital (Continued)

(c) Stock Options

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

The following table reflects the continuity of stock options:

	Number of stock options and agent options	Weighted average exercise price
Balance December 31, 2021	4,645,549	\$0.35
Exercised on January 11 (i)	(135,000)	\$0.55
Issued on February 4 (ii)	330,000	\$0.605
Exercised on July 26 (iii)	(82,500)	\$0.605
Exercised on August 25 (iii)	(82,500)	\$0.605
Balance December 31, 2022	4,675,549	\$0.35
Exercised on January 11, 2023 (iv)	(82,500)	\$0.605
Expired on February 3, 2023 (v)	(685,000)	\$0.30
Expired on February 21, 2023 (vi)	(725,549)	\$0.20
Issued on March 2, 2023 (vii)	2,072,000	\$0.30
Balance September 30, 2023	5,254,500	\$0.32

- (i) On January 11, 2022, 135,000 options were exercised at a price of \$0.55 for total proceeds of \$74,250. The value attributed to these options was \$43,989.
- (ii) On February 4, 2022, the Company granted 330,000 options to a consultant to purchase common shares at a price of \$0.605 per share for a period of two years from the date of grant. The options vest 25% per quarter from the date of grant. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: fair value share price of \$0.40, dividend yield 0%, risk-free interest rate of 1.29%, expected volatility of 86% and an expected life of 2 years. The value attributed to these options was \$65,048.
- (iii) On July 26, 2022 and on August 25, 2022, the Company issued a total of 165,000 shares in exchange of options exercised at a price of \$0.605 with the total proceeds of \$99,825. The value attributed to these options was \$32,523.
- (iv) On January 11, 2023, the Company issued a total of 82,500 shares in exchange of options exercised at a price of \$0.605 with the total proceeds of \$49,912. The value attributed to these options was \$16,262.
- (v) On February 3, 2023, a total of 685,000 options granted to certain consultants and insiders of the Company expired without exercise.
- (vi) On February 21, 2023, a total of 725,549 options granted to directors and officers of the Company expired without exercise.
- (vii) On March 2, 2023, the Company granted 2,072,000 incentive stock options to certain consultants and insiders of the Company to purchase common shares at a price of \$0.30 per share for a period of two years from the date of grant. The stock options vested immediately. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: fair value share price of \$0.255, dividend yield 0%, risk-free interest rate of 4.30%, expected volatility of 93% and an expected life of 2 years. The value attributed to these options was \$247,485.

The following table reflects the actual stock options issued and outstanding as of September 30, 2023:

Expiry date	Exercise price	Weighted average remaining life	Number of options outstanding	Number of options vested (Exercisable)
October 21, 2025	\$0.32	2.06	3,000,000	3,000,000
December 1, 2023	\$0.55	0.17	100,000	100,000
February 4, 2024	\$0.61	0.35	82,500	82,500
March 2, 2025	\$0.30	1.42	2,072,000	2,072,000

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 (Expressed in Canadian Dollars)

5. Share Capital (Continued)

(d) Warrants

	Number of warrants	Weighted average exercise price (\$)	Expiry Date
Balance December 31, 2021	21,302,546	\$0.56	
Expired – Broker warrants	(322,550)	\$0.30	
Expired – Investor warrants	(8,789,996)	\$0.40	
Balance December 31, 2022	12,190,000	\$0.69	April 13, 2024
Issued – Private Placement	4,000,000	\$0.40	July 20, 2024
Balance September 30, 2023	16,190,000	\$0.69	

(e) 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 additional 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.

At September 30, 2023, a total of 7,822,235 shares remained in escrow.

6. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2023 was based on the net loss attributable to shareholders of \$561,780 and \$1,763,460, respectively (September 30, 2022 – loss of \$652,659 and \$1,959,441) and the weighted average number of common shares outstanding of 64,306,717 and 62,195,202, respectively (September 30, 2022 – 60,564,633 and 60,495,722).

Lithium Ion Energy Ltd.

Notes to Unaudited Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 (Expressed in Canadian Dollars)

7. Related Party Transactions

During the nine months ended September 30, 2023, the Company paid or accrued, \$408,607 (September 30, 2022 - \$382,033) in consulting fees to key management personnel (defined as officers and directors of the Company). On March 2, 2023, the Company granted 2,072,000 stock options to key management personnel with an exercise price of \$0.30 per common share for a period of two years from the date of grant. The stock options vested immediately and valued at \$247,485 using Black Scholes pricing model.

In addition, the Company paid or accrued \$33,900 (September 30, 2022 - \$24,500) for the office rent to Steppe Gold Ltd., whose Board includes three of the Company's Directors.

In connection with the Offering closed on July 20, 2023, certain insiders of the company, including officers and directors, acquired an aggregate of 260,000 Units, for gross proceeds of \$65,000.

On September 29, 2022, the Company agreed to loan \$100,000 to Aranjin Resources Ltd. ("Aranjin"). The loan is considered a related party transaction as there are two common directors of the respective companies. During the period ended September 30, 2023, the loan was repaid in full.

8. Subsequent Event

The Company entered an agreement with Aranjin whereby it agreed to formally separate a portion of Baavhi Uul exploration licence covering the area identified by Aranjin known as the "Victory Nickel Project" in exchange for a 20% free carried interest in the Victory Nickel Project.