

Zijin Mining to Acquire Neo Lithium Corp. in All-Cash Offer

October 8, 2021 (Source) – *All monetary amounts are expressed in Canadian Dollars, unless otherwise indicated.*

Zijin Mining Group Co., Ltd. (“**Zijin**”) (SSE: 601899) (SEHK: 2899) and Neo Lithium Corp. (“**Neo Lithium**” or the “**Company**”) (TSXV: NLC) (OTCQX: NTTHF) (FSE: NE2) are pleased to announce that they have entered into a definitive agreement (the “**Arrangement Agreement**”), pursuant to which Zijin has agreed to acquire all of the outstanding shares of Neo Lithium (the “**Transaction**”) at a price of C\$6.50 per share (the “**Offer Price**”) in cash. The Offer Price represents a premium of approximately 36% over Neo Lithium’s 20-day volume-weighted average price (“**VWAP**”) as at October 8, 2021 on the TSX Venture Exchange (“**TSXV**”). The total cash consideration for all of the outstanding equity of Neo Lithium is approximately C\$960 million.

Waldo A. Perez, President and Chief Executive Officer of Neo Lithium, stated:

“After a thorough strategic process, we are very pleased to provide this all-cash premium offer to our shareholders from a leading global mining company. This is the result of the collective work of our premier lithium brine exploration team, starting from initial discovery in late 2015 to defining one of the largest and highest-grade lithium brine deposits in the world, and culminating in this premium offer in just six years. We believe that it is now time for our project to proceed to the construction and production phases with Zijin, a leader with a track record of developing assets in a responsible manner respecting the interests of local

employees, communities and authorities.”

Chen Jinghe, Chairman of Zijin, stated:

“Neo Lithium’s 3Q lithium brine project in Catamarca, Argentina is one of the largest and highest-grade projects of its kind in the world. We would like to express our high respect for the management and professional team who discovered and successfully explored this project. The 3Q project represents an important addition to Zijin’s growing global asset mix and it is a good choice for Zijin to enter the field of new energy minerals. Thanks to the professional team’s efforts and input in the early stage of the project, we are confident that together with Zijin’s strong financial resources and mining know-how, we will develop this excellent asset into one of the world’s leading lithium carbonate producing mines. In accordance with Zijin’s co-development aspirations, we will continue to work closely with local communities and government authorities so that all relevant stakeholders can benefit from the project’s successful development”.

Zijin is committed to retaining the current management and professional team at LIEX S.A., Neo Lithium’s local operating subsidiary, as well as making contributions to economic and social developments for Catamarca province, Argentina, as it moves forward to advance the development of the 3Q project.

Benefits to Neo Lithium Shareholders

- Immediate and significant premium of approximately 36% to the 20-day VWAP on the TSXV
- All-cash offer that is not subject to a financing condition
- Strong deal certainty with a highly credible and leading global mining company as purchaser
- Voting support agreements entered into with all directors and senior officers of Neo Lithium who hold

shares

- Removes future dilution, commodity, construction, production and execution risk with next phase of 3Q project

Transaction Summary

The Transaction will be completed pursuant to a Plan of Arrangement under the *Business Corporations Act* (Ontario). The Transaction will be subject to the approval of at least 66- $\frac{2}{3}$ % of the votes cast by shareholders. In addition to shareholder approval, the Transaction is also subject to the receipt of certain government, regulatory, court and stock exchange approvals, including approval by relevant authorities in the People's Republic of China and Investment Canada Act approval, and other closing conditions customary in transactions of this nature.

The Arrangement Agreement includes, among other things, a customary non-solicitation covenant on the part of Neo Lithium (including fiduciary out provisions) and a right for Zijin to match any competing offer that constitutes a superior proposal. Under certain circumstances, Zijin would be entitled to a US\$35 million termination fee and Neo Lithium would be entitled to a US\$35 million reverse termination fee.

Neo Lithium Board of Directors Recommendations

The Transaction has been unanimously approved by the board of directors of Neo Lithium following the unanimous recommendation of a special committee of independent directors of Neo Lithium (the "**Special Committee**"). Cormark Securities has provided an opinion to the board of directors of Neo Lithium and to the Special Committee, stating that, based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration offered to the Neo Lithium shareholders pursuant to the Transaction is fair, from a financial point of view, to the Neo Lithium shareholders.

The Cormark Securities fairness opinion was provided on a fixed fee basis and is not contingent on the outcome of the Transaction.

Timing

Full details of the Transaction will be included in Neo Lithium's management information circular, which is expected to be mailed to shareholders in November 2021 with the shareholders meeting expected to take place in December 2021. Shareholders are urged to read the information circular once available as it will contain additional important information concerning the Transaction. The Arrangement Agreement will also be filed on SEDAR. The Transaction is expected to close in the first half of 2022.

Advisors and Counsel

Paradigm Capital is acting as financial advisor to Zijin and Torys LLP is acting as Zijin's legal counsel.

BofA Securities is acting as financial advisor to Neo Lithium. Cormark Securities provided an independent fairness opinion to the Neo Lithium board of directors and the Special Committee. Fasken Martineau DuMoulin LLP is acting as legal counsel to Neo Lithium and the Special Committee.

About Neo Lithium Corp.

Neo Lithium Corp. has quickly become a prominent name in lithium brine development by virtue of its high quality 3Q project and experienced team. Neo Lithium is rapidly advancing its 100% owned 3Q project – a unique high-grade lithium brine lake and salar complex in Latin America's "Lithium Triangle".

The 3Q project is located in Catamarca Province, the largest lithium producing area in Argentina covering approximately 35,000 ha including a salar complex of approximately 16,000 ha.

Additional information regarding Neo Lithium Corp. is available on SEDAR at www.sedar.com under the Company's profile and at its website at www.neolithium.ca, including various pictures of ongoing work at the project.

About Zijin


Formed in 1993 and based in Fujian, China, Zijin is one of the largest mining companies in China as well as a leading global gold and copper producer. It manages an extensive portfolio, primarily consisting of gold, copper, zinc, and other metals through investments in China and twelve overseas countries across Europe, Central Asia, Africa, Oceania and South America. Listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, Zijin has a market capitalization of approximately US\$40 billion.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

Cautionary Statements Regarding Forward-Looking Statements

Forward-Looking Statements – Certain information set forth in this news release may contain forward-looking statements. Such statements include but are not limited to, statements as to the benefits of the Transaction to the Company's shareholders, the anticipated meeting date and mailing of the information circular in respect of the meeting, timing for completion of the Transaction and receiving the required regulatory and court approvals, expectations regarding how Zijin will continue operations and benefit the region, advancing the 3Q project, the economic effect of the 3Q project, and future plans and objectives of the Company and Zijin. Generally, forward-looking statements can be identified by the use of words such as "plans", "expects" or "is expected", "scheduled", "estimates" "intends", "anticipates", "believes",

or variations of such words and phrases, or statements that certain actions, events or results “can”, “may”, “could”, “would”, “should”, “might” or “will”, occur or be achieved, or the negative connotations thereof. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company, which could cause the actual results, performance or achievements of the Company and/or Zijin to be materially different from the future results, performance or achievements expressed or implied by such statements. These risks include, without limitation, risks related to obtaining regulatory and court approvals for the Transaction, political and regulatory risks associated with mining and exploration activities, including environmental regulation, risks and uncertainties relating to the interpretation of drill and sample results, risks related to the uncertainty of cost and time estimation and the potential for unexpected delays, costs and expenses, risks related to metal price fluctuations, the market for lithium products, and other risks and uncertainties related to the Company’s prospects, properties and business detailed elsewhere in the Company’s disclosure record. Although the Company believes its expectations are based upon reasonable assumptions and has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and undue reliance should not be placed on forward-looking statements.

SOURCE Neo Lithium Corp. 

For further information: Neo Lithium Corp., Carlos Vicens, cvicens@neolithium.ca