

Neo Lithium: On-track to join the ever-growing ranks of producing juniors

Lithium has unquestioningly become a critical material, and the industry has really come into its own over the last few years. All signs point to an increase in demand of around 20,000 tonnes per year for at least the next few years, and hundreds of projects are creeping towards production. Neo Lithium Corp. (TSXV: NLC) ("Neo Lithium") is well on-track to join the ever-growing ranks of producing juniors.

Neo Lithium entered into a \$25m bought deal financing with Sprott Capital Partners following excellent progress on their promising brine and salars project. The company will issue 22.73 million units at a price of \$1.10 per unit. The net proceeds, some \$25m, will be used primarily to advance Neo Lithium's Tres Quebradas project in Catamarca Province.

Neo Lithium is a relatively new junior on the scene, having floated on July 20, 2016 at CAD 1.20 per share. The stock did well and reached its year high of CAD 2.09, then retreated slowly back to a year low of CAD 0.91, recovering since then to its original CAD 1.20. In July 2016, lithium hype was running very strong, and we believe that the recent price dip has created an excellent entry point for anyone who missed the boat first time around.

The 3Q Project is located in the southern end of the "Lithium Triangle" in the Puna Plateau. The area is characterized by high altitude salt flats, many of which contain elevated lithium concentrations. Preliminary brine sampling results indicate these values are comparable, and in most cases higher, than current producing mines or projects under construction.

The largest lithium brine projects in the world are located in salars in the Lithium Triangle. The Project is located in the southwestern portion of the Catamarca Province of Argentina, the largest Lithium producing province of Argentina. The closest paved road to the Project is Ruta Nacional 60, which connects the capital city of San Fernando del Valle de Catamarca, to Copiapó and the seaport of Caldera, via Paso de San Francisco. Neo Lithium is sole owner of the extensive brine/salar reservoir complex, which remains one of the lowest impurity brines in the industry.

Last year the company published geophysical results, which suggest that the northern portions of the project, including the northern reservoir and northern salar, were larger than originally thought by around 3km, taking it to approximately 100km², and extending down to approximately 100 metres under the northern reservoir and as deep as 300 metres under some sectors of the 3Q salar. Thus, the company's total claim encompasses a recorded 300km² of the lithium triangle. Importantly, this claim houses the large lake-like complex and there are no competing claims to this property from any competitors.

CEO Waldo Perez had this to say regarding the geophysical results:

"The final geophysical survey results on the 3Q project are very impressive and encouraging. These results indicate that the highest-grade lithium zone is extensive and deep, generating a much larger target than originally anticipated."

The results of various studies completed by Neo Lithium show that for every hectare of solar evaporation pond constructed, approximately 25 tonnes of lithium carbonate could be recoverable, very similar to other projects in the region. The results of the studies also demonstrate that the brine could produce potash as a by-product during the simple evaporation

process, creating the potential for additional revenue at a later stage. With these results in hand, Neo Lithium has already forged ahead in designing a single hectare pilot pond series that will be constructed on-site to test these results.