

Neo Lithium closes CATL strategic investment and looks to be the leading lithium junior miner

It's not every day that the world's largest battery manufacturer chooses to invest in your company. There are literally almost one hundred junior lithium miners (not yet in production) to choose from. Yet the world's largest battery manufacturer, Contemporary Amperex Technology Co. Limited (CATL), has chosen to partner with Neo Lithium Corp. (TSXV: NLC | OTCQX: NTTHF), with an initial 8% equity investment deal closing yesterday. Why did they choose Neo Lithium?

Why Neo Lithium?

Neo Lithium has the best undeveloped global lithium brine project in the world. Here are 7 reasons why they are the best:

1. Neo Lithium 100% own, and has fully paid, their 3Q lithium project in Argentina. Neo Lithium own the entire salar, which covers 160Km² (6th largest salar in the world). This means they won't ever have an issue of competing for lithium from their salar, unlike several other lithium brine miners who share their salar.
2. The 3Q Project has the 4th highest lithium grade globally, or the 3rd highest if counting only their high grade core. The average grade to be mined for the first 10 years is forecast to be 1,000 mg/L lithium.
3. The 3Q Project has the lowest level of impurities globally. This should result in the 3Q Project having industry lowest quartile operating expenses (OpEx forecast of US\$2,914/t LCE) and also low capital

intensity; that is the CapEx required to produce a certain amount of lithium carbonate equivalent (LCE).

4. The 3Q Project has a significant lithium P&P reserve (1.3Mt LCE) and a very large lithium M&I Resource (4.0Mt LCE). Mine life is forecast at 35 years taking into account only 1/3 of the known resource.
5. The 3Q Project has an outstanding PFS, including a post-tax NPV8% of US\$1.144 million, post-tax IRR of 49.9%, and CapEx of US\$319 million, based on 20,000t pa LCE production, and assuming a life of mine lithium carbonate average price of US\$11,882/t. Payback is just 1 year and 8 months.
6. The 3Q Project is already at a fairly advanced stage. The 3Q project site is now advanced with construction including pilot ponds, improved access, and infrastructure. The Environmental Permit is granted for Exploration, Mining and Development. All permits are granted for the chemical plant. Final Environmental permit for construction has been presented to the government and is in the process of approval. An agreement is in place with local municipality to build the lithium processing plant in Fiambalaon on government land near town.
7. Neo Lithium is well cashed up with C\$37 million in cash.

Neo Lithium is a standout on all metrics



Located in the Lithium Triangle

40% of global production
 >90% of Brine Resources
 3Q Project is 100% owned and NLC controls entire salar
 Excellent access with current infrastructure



High Grade, Low Impurities and Large Resource & Reserve

Highest grade in Argentina
 Lowest critical impurity content in the world (SO₄&Mg)
 P&P Reserves 1.3Mt LCE
 M&I Resources 4.0Mt LCE
 Inferred Resources 3.0Mt LCE



Proven Processing

Similar process producing in the region >20 years
 Fully functional laboratories, pilot scale ponds and plant
 3Q Project pilot plant producing battery grade lithium carbonate 99.6%



Outstanding Results

Pre-feasibility Study completed & Full Feasibility ongoing
 20ktpa LCE production with post-tax PFS results of US\$1.2B NPV8%, ~50% IRR and payback of <2 years
 Significantly undervalued against peers



Best in Class

Low impurity = Low OPEX
 US\$2,914/t OPEX is lowest quartile in the industry
 High grade = Low CAPEX
 ~US\$16,000/t CAPEX intensity is the lowest of any greenfield development



Strategic Investor / Proven Team

Strong strategic partner with CATL - largest battery producer in the world
 Strong local technical lithium experience.
 Permits in place. EIA imminent. Fiscal stability in the place.
 Strong w/c and best in the class institutional ownership.

Source: Neo Lithium company presentation

Looking ahead Neo Lithium is targeting to complete a final Feasibility Study in Q2 2021, obtain the EIA for final construction permit, then to ideally complete financing discussions with CATL to fund the project and assign off-take. All going well a final investment decision would then be made, project construction would occur over about 1 year, and then begin lithium production in 2022. Investors should note that miners don't always hit these targets, and should view them as aspirational.

About Contemporary Amperex Technology Co. Limited (CATL)

CATL is China's and the world's largest battery manufacturer, based on 2019 figures. They are also one of Tesla's preferred battery suppliers for China. CATL also supplies PSA, Hyundai, Honda, BMW, Daimler AG, Toyota, Volkswagen, and Volvo. In

China, CATL's clients include BAIC Motor, Geely Automobile, GAC Group, Yutong Bus, Zhongtong Bus, Xiamen King Long, SAIC Motor and Foton Motor.

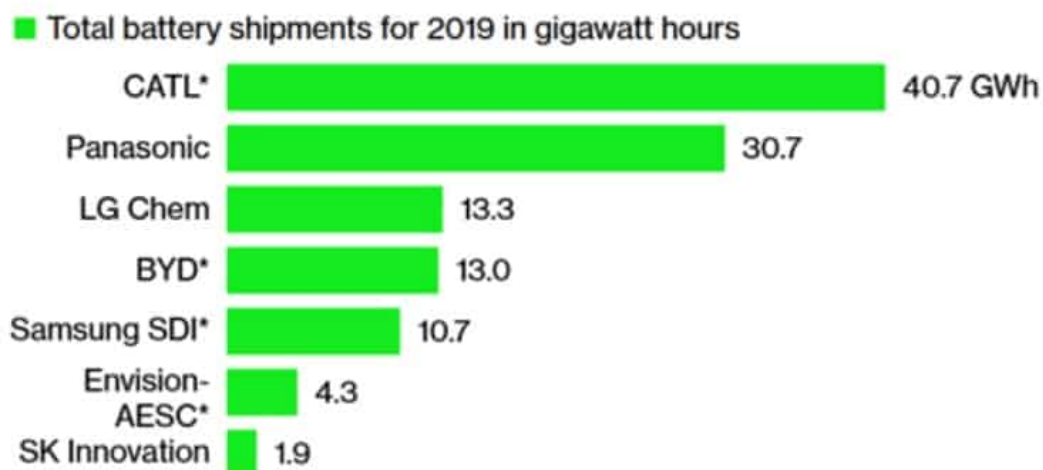
According to Fitch Ratings: "CATL had a global share of 28% of lithium-ion battery installation volume in 2019. CATL's strong market position is driven by the large Chinese electric vehicle (EV) market, which accounts for about 50% of global EV shipment, and CATL's dominant position (54% market share) in this segment."

CATL is currently in talks with Indonesia to build a US\$5 billion lithium-ion battery factory in Indonesia, with plans to commence production by 2024.

CATL was the world's largest lithium-ion battery supplier in 2019

Key Component

Battery suppliers have new influence in the electric-vehicle race



Source: Bloomberg Green

Closing remarks

Neo Lithium is looking like the most exciting lithium junior (non-producer) in the market right now. They have outstanding project metrics, a very strong PFS with a post-tax IRR of 49.9% with low CapEx/low OpEx and a 35 year mine life, an

advanced stage project, and the world's largest battery manufacturer as their equity partner. What more could you want?

Neo Lithium trades on a market cap of just C\$175 million.

Disclosure: The author is long Neo Lithium Corp. (TSXV:NLC).

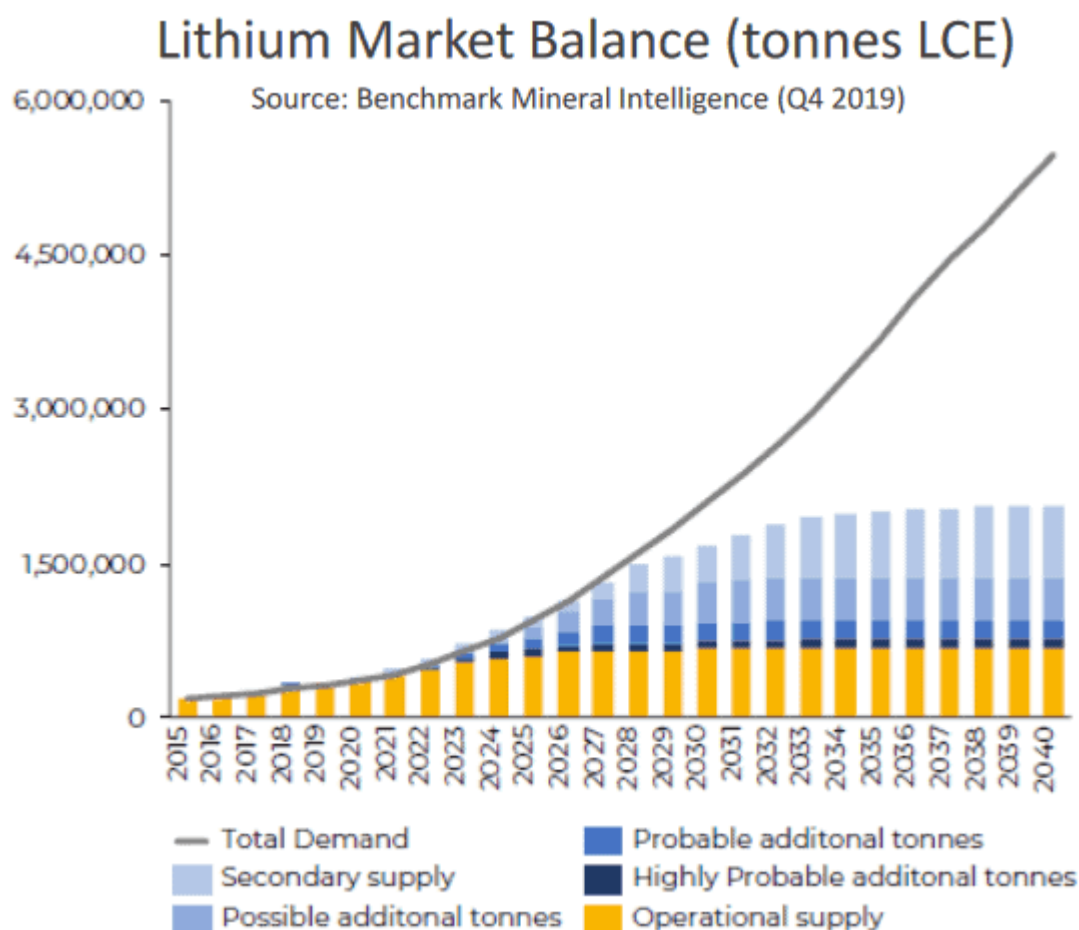
Announced today the UK gasoline and diesel car sales ban by 2030 is a strong tailwind for Neo Lithium

Today the U.K. Prime Minister Boris Johnson announced about his ten point green plan. Perhaps the two biggest parts of the plan are – **“UK sales of new gas and diesel cars to be banned from 2030”** and **“quadruple U.K. offshore wind production to 40GW by 2030”**. The implications for the electric vehicle (EV) and wind sectors are enormous. One common denominator for EVs and wind energy is that they need batteries to store the energy. This means demand for batteries and for battery metals such as **lithium** is set to boom this decade. In the US, also announced today, a group of more than two dozen utilities, EV-charging companies, battery suppliers and EV manufacturers have formed the Zero Emission Transportation Association (includes Tesla) calling for emissions caps and 100% EV sales in the USA by 2030.

Even prior to today's announcements the lithium sector has been forecast for demand to increase “more than six times” this decade (from 2019 levels to end 2029), as the EV and

energy storage booms take off. The chart below was done before the latest news of a Biden victory and the Johnson Green Plan, meaning that the demand curve will likely be significantly larger.

Lithium looks to be heading towards very large deficits later this decade as demand soars



Source

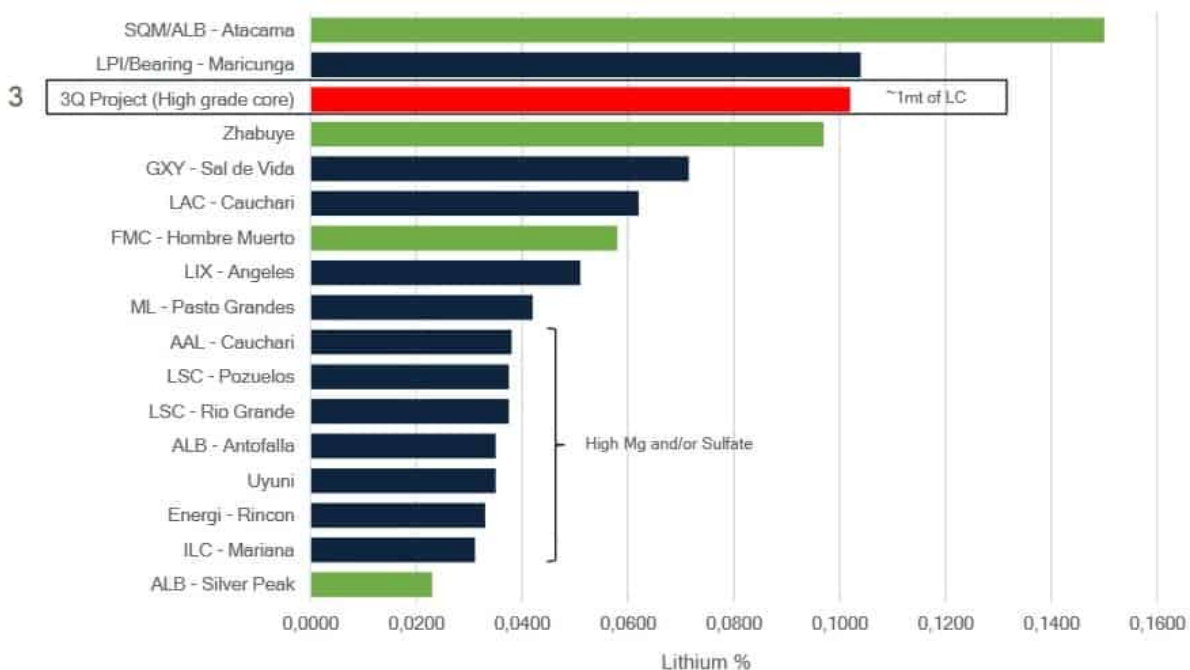
With all of this demand for lithium in the years ahead one company looks extremely well placed to ride the next wave of the lithium boom. That company is Neo Lithium Corp. (TSXV: NLC | OTCQX: NTTHF).

Neo Lithium 100% own (and has fully paid) their Tres Quebradas ("3Q Project") lithium project in Argentina. The Project is a standout for numerous reasons.

- Neo Lithium 100% own the entire salar, which covers 160Km² (6th largest salar in the world).
- The 3Q Project has high grade lithium brine (3rd-4th highest globally).
- The 3Q Project has extremely low impurities (the lowest globally). This should result in 3Q having very low capital intensity to develop and industry lowest quartile operating expenses (OpEx).
- The 3Q Project is already at a fairly advanced stage and looks set to be a likely near term lithium producer.

Neo Lithium's 3Q Project ranks 3rd-4th for the highest lithium brine grades globally

- The high-grade core of the 3Q Project is the 3rd highest grade project worldwide and the 4th based on the average grade of the deposit
- The high-grade core has significant blue sky



Producing Li Brine Mine Lithium Brine Project 3Q Lithium Project

Source

Neo Lithium looks set to be the next major new lithium brine producer following Lithium Americas



Source

The 2019 amended Preliminary Feasibility Study (PFS) resulted in a post-tax NPV8% of US\$1.14 billion and IRR of 49.9%, payback of < 2years with a 35 year mine life. The PFS was based on an initial 20kt pa lithium carbonate production and has a CapEx of US\$319M and OpEx of US\$2,914/t lithium carbonate. These are excellent numbers.

Neo Lithium has another huge plus going for them. That is, China's and the world's largest battery manufacturer, Contemporary Amperex Technology (CATL), is a strategic investor in Neo Lithium with an 8% equity stake and board representation.

The 3Q Project is quite advanced with some pilot ponds already constructed and a lot of infrastructure already in place. The Environmental Impact Statement (EIS) is currently under assessment with results due out soon. The Feasibility Study (FS) is underway and is due out by end Q2, 2021, assuming no COVID-19 disruptions.

CATL will also be a part of the technical committee that will be leading the FS forward. While this does not yet guarantee CATL off-take rights it puts them in a prime position. Once the FS for the 3Q Project is completed, I strongly suspect that CATL will assist in the financing plan for the future construction of the 3Q Project, and collect significant

lithium off-take rights. CATL is a very large company with over US\$60 billion in market capitalization and over US\$3 billion in cash. Also of relevance was yesterday's announcement that CATL will invest \$5.1 billion for a battery factory in Indonesia. No doubt it will need plenty of lithium.

Closing remarks

Neo Lithium's 3Q Project is arguably the best and next lithium brine project set to go into production after Lithium America's Cauchari-Olaroz Project, both in Argentina. Management is top tier led by Waldo Perez, who discovered both the projects mentioned just above. If all goes well with the FS, CATL relationship, and project funding, it is possible to see Neo Lithium commence production by late 2022 or early 2023. This would be perfect timing as the EV boom should be taking off at that time as EVs and Internal Combustion Engine vehicles reach purchase price parity. The UK gasoline and diesel ban by 2030 and the US Zero Emission Transportation Association call for 100% EVs by 2030 are all just icing on the cake.

Risks exist due to not yet being a producer and the risks involved with lithium prices and sovereign risk in Argentina.

Neo Lithium currently trades on a market cap of C\$182M. Investors should not wait too long as the EV trend is very rapidly gaining momentum (notably in China, Europe, UK and USA) and quality lithium miners like Neo Lithium have potential to be huge winners this decade.

Disclosure: The author is long Neo Lithium Corp. (TSXV: NLC).

The Technology Metals Show with Neo Lithium's Waldo Perez on the state of the lithium market

Technology Metals Show hosts Jack Lifton and Peter Clausi interview Waldo Perez, President, CEO and Director of Neo Lithium Corp. (TSXV: NLC | OTCQX: NTTHF) on the state of the lithium market. "When it comes to lithium there are two places and two sources." Waldo started. "First is the Puna plateau which is Chile, Bolivia and Argentina for brine resources. 60% of the lithium of the planet is located in an area that covers this plateau." He continued, "The other source is a mineral called spodumene. This mineral is more common in the planet but the best spodumene is found in Australia."

In this interview, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Waldo went on to say that CATL – largest battery producer in the world, is a strategic investor in Neo Lithium. He explained that Neo Lithium's Tres Quebradas (3Q) Lithium Project was selected by CATL because it is the highest grade undeveloped project in the world and has low OPEX and CAPEX. The project has 50% IRR and payback of less than 2 years. To watch the full interview, click here

About Neo Lithium Corp.

Neo Lithium Corp. has quickly become a prominent new name in lithium brine exploration by virtue of its high quality 3Q Project and experienced team. Neo Lithium is rapidly advancing its recently discovered 3Q Project – a unique high-grade lithium brine lake and salar complex in Latin America's "Lithium Triangle". The 3Q Project is located in the Catamarca

Province, the largest lithium producing area in Argentina covering approximately 35,000 ha including a salar complex of approximately 16,000 ha.

To learn more about Neo Lithium Corp., [click here](#)

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Global leader in lithium-ion batteries invests in what many believe will be the next major lithium producer

There is a very high probability you are reading this on your smartphone, tablet or laptop. If that is the case, you know the value of lithium, because it's in the battery powering your device.

Until some better storage system comes along, lithium-ion batteries are the industry standard. There is much talk about improving lithium battery performance using platinum group metals, carbon nanotubes etc., but that is not now.

Lithium is not like oil – it's pretty much everywhere on Earth, according to Elon Musk. But like oil, the devil is in the details – extraction costs are key.

Enter Neo Lithium Corp. (TSXV: NLC | OTCQX: NTTHF), a C\$110 million market capitalization company that proudly proclaims to be “the next major lithium producer” with its Tres Quebradas (3Q), located in the Lithium Triangle in South

America. The project is located at the southern end of the triangle in northern Argentina.



Source: Neo Lithium

Lithium is mainly sourced via hard rock mining (spodumene) or brine production. The majority of the mining projects are located in Australia while brine production is centered around the Lithium Triangle, which has an estimated 75% of global lithium reserves according to the US Geological Survey,

although other reports state that the area only contains just over 50% of global reserves. In any event, the area does account for 40% of global lithium production and 90% of global brine production.

Brine production of lithium in South America is in the high altitude (~4,000 meters elevation) salt flats (salars) in the Lithium Triangle and is accomplished through a pond evaporation process. The Lithium Triangle is ideal for this, as it is characterized by very arid conditions, solar radiation and dry winds, resulting in high evaporation rates. Lithium brine extraction in the area has been underway for more than 25 years, so this is not “new” technology.

Like any commodity, the view to significantly increased demand in the past 5 years resulted in a rush to develop new lithium mining projects. This led to an oversupply situation and a significant downturn in lithium prices in 2019. But, with the rush to electric vehicles, absent any new battery technology, experts anticipate a ten-fold increase in demand for lithium over the next decade and only a three-fold increase in supply in the next five years – demand could outweigh supply and result in significantly higher lithium prices.

OK – now you understand...lithium may be a great place to invest for the future.

Neo Lithium is well on its way to becoming one of the next lithium producers in the Lithium Triangle. The Tres Quebradas project is 100% owned by the company and was discovered in 2015, so this is not something that is just a concept project. A preliminary economic assessment was completed in late 2017 and an updated resource estimate (NI 43-101) was completed in July 2018 with a 227% increase in Measured and Indicated categories. The results of a Preliminary Feasibility Study were announced in March 2019 with a \$1.1 billion NPV at 8% discount rate (\$587 million NPV at 14%) and an Internal Rate of Return of 50%. In addition, a pilot plant began operations

in 2019 resulting in 99.1 % lithium carbonate in the first batch, improving to battery grade lithium carbonate (99.6% lithium carbonate) from the pilot plant in March 2020.

A long five year journey through discovery, evaluation, permitting and pilot plant has confirmed that this project has a high grade, low impurity deposit. The final feasibility study is currently underway and expected as early as Q1-2021 along with the final EIA for the final construction permit. The company believes that the Tres Quebradas project is the third highest grade project in the world and the chemical makeup of the deposit should result in low operating costs and resultant high profitability.

To confirm this sentiment, a subsidiary of Contemporary Amperex Technology (CATL), a leading Chinese battery manufacturer and technology company, entered into an equity subscription agreement in September 2020 to invest \$8.6 million in new equity in the company. CATL will have Board of Director representation and pre-emptive rights to participate in future equity offerings to maintain its proportionate ownership.

The investment by CATL increases the company's cash holdings to approximately \$37 million and aligns Neo Lithium with a significant global lithium-ion battery maker that specializes in the manufacturing of lithium-ion batteries for electric vehicles and energy storage systems, and battery management systems. It should also give the company access to additional expertise for future development.

There is no question that the world needs more lithium. As with any commodity, supply and demand are rarely in balance, so the best-in-class companies are always the lowest cost operators with the best resources. The company is one of 86 companies presenting at the 121 Mining Investment Online conference October 28-30, 2020. More exposure for a developing story and more investor interest is always good for a publicly

listed company like Neo Lithium.