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**Ganfeng Lithium Co., Ltd.**

**江西赣锋锂业股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1772)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to the disclosure requirements under Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

According to the relevant regulations of the People's Republic of China, GANFENG LITHIUM CO., LTD. (the "**Company**") had published the following announcement on the website of the Shenzhen Stock Exchange (<http://www.szse.cn/>). The following is a translation of the official announcement solely for the purpose of providing information.

By order of the Board  
**GANFENG LITHIUM CO., LTD.**  
**LI Liangbin**  
*Chairman*

Jiangxi, PRC  
July 16, 2021

*As at the date of this announcement, the Board comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Ms. DENG Zhaonan and Mr. SHEN Haibo as executive directors of the Company; Mr. YU Jianguo and Ms. YANG Juan as non-executive directors of the Company; and Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive directors of the Company.*

**GANFENG LITHIUM CO., LTD.**  
**ANNOUNCEMENT REGARDING THE OFFER TO**  
**PURCHASE CANADIAN COMPANY MILLENNIAL BY GFL**  
**INTERNATIONAL OR ITS WHOLLY-OWNED SUBSIDIARY,**  
**INVOLVING MINING RIGHTS INVESTMENT**

The Company and all members of its board of directors warrant that the information contained in this announcement is true, accurate and complete and there are no false representations or misleading statements contained in or material omissions from this announcement.

**SPECIAL NOTICE:**

1. The target of the transaction is no more than 100% equity interest in Canadian company, Millennial Lithium Corp. (hereinafter referred to as “**Millennial**”). The transaction does not constitute a related party transaction, nor does it constitute major assets restructuring as defined under the Administrative Measures for Major Asset Restructuring of Listed Companies, which is subject to consideration at the general meeting of the Company.
2. The transaction is subject to approval by the general meeting of both of parties, and subject to verification and approval by and filing with relevant competent authorities of the PRC and Canada, which involves the risk of failing to obtain approval.
3. The changes in policies of Argentina on mineral products qualification admittance, environmental protection examination and approval, production safety, taxation and other matters will affect the future production and operation and profitability of Millennial.
4. Notwithstanding a professional institution has conducted evaluation on the resource reserve of the Lithium Salt Lake Projects held by Millennial, there are risks, with respect to the mineral resources data, that the total mineral resources and the reserves may differ from the actual total mineral resources, reserves, and actual exploitable reserves.
5. Due to a series of fixed asset investment and technology input are required in mineral exploitation, and been constrained by natural conditions where the Lithium Salt Lake Projects held by Millennial locates, there may be a risk that the expected scale of mining may not be reached.

6. Due to the impact of international politics, economic environment and industrial policies, fluctuations in the price of lithium products will affect the economic benefit of the Lithium Salt Lake Projects held by Millennial.

## **I. OVERVIEW OF THE TRANSACTION**

1. At the 29th meeting of the fifth session of the board of directors of Ganfeng Lithium Co., Ltd. (hereinafter referred to as the “**Company**”) held on 16 July 2021, the Resolution in relation to the offer to purchase Canadian company Millennial Lithium Corp. by GFL International or its wholly-owned subsidiary, involving Mining Rights Investment was considered and passed, approving the offer in Canada Millennial by GFL International Co., Limited (hereinafter referred to as “**GFL International**”), or its wholly-owned subsidiary, with its own funds. The share price of the transaction is C\$3.60 per share and the transaction amount shall not exceed C\$353 million. Before the completion of the transaction, the Company do not hold any equity interest in Canadian Millennial. Upon the completion of the transaction, GFL International or its wholly-owned subsidiary will hold no more than 100% equity interest in Canadian Millennial. The management of the Company was authorized to exercise the full power to handle all matters relating to the transaction.
2. The transaction does not constitute a related party transaction, nor does it constitute major assets restructuring as defined under the Administrative Measures for Major Asset Restructuring of Listed Companies, and nonetheless, it is subject to consideration at the general meeting of the Company.

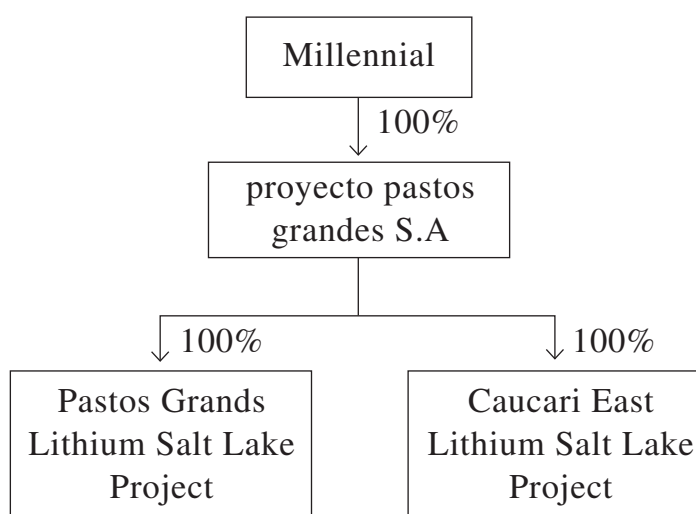
## **II. BASIC INFORMATION ON THE SUBJECT MATTER OF THE TRANSACTION**

Millennial is a company incorporated under the laws of British Columbia, Canada and is listed on the TSX Venture Exchange with the stock code of ML. Millennial was established on 7 March 2005, with its registered address at 300–1455 Bellevue Ave West Vancouver, British Columbia, Canada. It was formerly known as Redhill Resources Corp. As at the date of this announcement, the issued share capital of Millennial is 97,811,400 shares and Million Surge Holdings Limited owns 12.27% equity interest in Millennial. Millennial is principally engaged in the acquisition, exploration and development of lithium mining rights with the objective of becoming a competitive supplier in the lithium battery industry. Millennial’s principal assets include the Pastos Grandes Lithium Salt Lake Project in Salta Province, Argentina and the Cauchari East Lithium Salt Lake Project in Jujuy Province, Argentina.

The Pastos Grandes Lithium Salt Lake Project is located in the central part of Salar de los Pastos Grandes in Salta province of northwestern Argentina, and holds a mining concession covering approximately 14,093 hectares. Millennial holds 100% interest in the project.

The Cauchari East Lithium Salt Lake Project is located on the east side of Cauchari-Olaroz Salar in Jujuy, Argentina. At present, the project is still in the early stage of exploration, the relevant licenses are still being applied for and information on economic resources, if any, is uncertain. Millennial holds 100% interest in the project.

The current shareholding structure of the Millennial is as follow:



Below is the financial data of Millennial for the latest two years:

	<i>Unit: CAD</i>	
<b>Indicator</b>	<b>29 February 2020 (Audited)</b>	28 February 2021 (Audited)
Total assets	77,850,241	117,090,395
Net assets	76,753,276	116,139,932
<b>Indicator</b>	<b>Year ended 29 February 2020 (Audited)</b>	Year ended 28 February 2021 (Audited)
Operating revenue	0	0
Net profit	(4,449,092)	(9,906,076)

*Note: 1 CAD=RMB5.12*

As at 28 February 2021, the gearing ratio of Millennial was 0.81%. Millennial does not generate sales revenue since it has not been in actual operation.

Millennial is not related to the Company and the Company's controlling shareholders, de facto controllers, directors, supervisors and senior management in terms of property rights, businesses, assets, credit and debt, personnel, etc.

### III. INFORMATION ON THE MINING RIGHT INVOLVED

Millennial currently has two Lithium Salt Lake Projects under development or exploration in Argentina: the Pastos Grandes Lithium Salt Lake Project and the Cauchari East Lithium Salt Lake Project.

#### i. Basic information on the Pastos Grandes Lithium Salt Lake Project

1. The Pastos Grandes Lithium Salt Lake Project currently holds 15 mining licenses and exploration licenses:

No.	Mining license/ Exploration license	Mining area/Site	Expiry date
1	17588	99 hectares, in Salta, Argentina	No term limit
2	18403	165.7899 hectares, in Salta, Argentina	No term limit
3	18550	356.2489 hectares, in Salta, Argentina	No term limit
4	18693	598.1529 hectares, in Salta, Argentina	No term limit
5	19097	1,297.5 hectares, in Salta, Argentina	No term limit
6	20016	317.2439 hectares, in Salta, Argentina	No term limit
7	20247	3,038.21 hectares, in Salta, Argentina	No term limit
8	17606	500.0472 hectares, in Salta, Argentina	No term limit
9	17630	1,026.84 hectares, in Salta, Argentina	No term limit
10	18571	1,833.48 hectares, in Salta, Argentina	No term limit
11	19092	3,087.28 hectares, in Salta, Argentina	No term limit
12	23736	109.4423 hectares, in Salta, Argentina	No term limit

No.	Mining license/ Exploration license	Mining area/Site	Expiry date
13	19667	299.9994 hectares, in Salta, Argentina	No term limit
14	24231	968.66 hectares, in Salta, Argentina	No term limit
15	24256	394.8 hectares, in Salta, Argentina	No term limit

2. The method, date and examination and approval department for the ownership change of the mining right in recent three years:

There has been no change in the ownership of the mining right in recent three years.

3. The main product of the Lithium Salt Lake and its usage and product sales methods

The main product of the mine is the battery-grade lithium carbonate produced from lithium-bearing salt lake brine, which is mainly used as the raw material of producing cathode materials of lithium battery. Pastos Grandes salt lake project has planned an annual capacity of 24,000 tonnes, this project capacity is currently under construction.

4. Mineral resources reserves:

According to the Feasibility Study report on the lithium resources prepared by Montgomery & Associates Consultores Limitada on behalf of Millennial, the information on the explored mineral resources of Pastos Grandes Lithium Salt Lake Project is as follows:

Description	Brine Volume ( $m^3$ )	Average	Total	Lithium carbonate (tons)
		Lithium Concentration ( $mg/l$ )	Resources Lithium (tons)	
Measured Resources	$9.5 \times 10^8$	446	425,000	2,262,000
Indicated Resources	$8.6 \times 10^8$	406	349,000	1,858,000
Measured Resources + Indicated Resources	$1.8 \times 10^9$	427	774,000	4,120,000
Inferred Resources	$3.5 \times 10^8$	428	150,000	798,000

Note: The cut-off grade adopted in the resource estimate is 300mg/L.

5. The payment of various fees for the mining right involved in the transaction:

Millennial has paid and settled relevant fees in accordance with the relevant laws and regulations.

6. Procedures to be performed for the transfer of the mining right ownership to be transferred:

The target of the transaction is 100% equity interest in Millennial. The mining right is currently registered under the name of proyecto pastos grandes S.A., an Argentina wholly-owned subsidiary of Millennial, and is not involved in the transfer of the mining right ownership.

## ii. Basic information on the Cauchari East Lithium Salt Lake Project

1. The Cauchari East Lithium Salt Lake Project is currently at a preliminary stage of exploration, the information on the exploration license is as follows:

No.	Exploration license	Mining area/Site	Expiry date
1	Cauchari East	2,989.48 hectares, in Jujuy, Argentina	Application in progress
2	Cauchari East Extension (Meryllion)	8,742 hectares, in Jujuy, Argentina	Application in progress

2. The method, date and examination and approval department for the ownership change of the mining right in recent three years

The project is still in a preliminary stage of exploration. There has been no change in the ownership of the mining right up till now.

3. The main product of the Lithium Salt Lake and its usage and product sales methods

The Cauchari East Lithium Salt Lake Project is currently at a preliminary stage of exploration. If the project is successfully developed upon the completion of exploration in the future, its main product may be lithium compound products produced from the lithium-bearing salt lake brine.

4. Mineral resources reserves

Currently, the project is still in a preliminary stage of exploration, the information on the project resources is uncertain.

5. The payment of various fees for the mining right involved in the transaction

Millennial has paid and settled relevant fees in accordance with the relevant laws and regulations.

6. Procedures to be performed for the transfer of the mining right ownership to be transferred

The target of the transaction is 100% equity interest in Millennial. The mining right is currently registered under the name of proyecto pastos grandes S.A., an Argentina wholly-owned subsidiary of Millennial, and is not involved in the transfer of the mining right ownership.

#### **IV. MAJOR TERMS OF THE AGREEMENT**

The Company and GFL International or its wholly-owned subsidiary of the Company, intend to enter into the Equity Acquisition Arrangement Agreement with Millennial, major terms of which are as follows:

1. GFL International or its wholly-owned subsidiary will offer to purchase no more than 100% equity interest in Millennial at a price of C\$3.60 per share, and the transaction amount does not exceed C\$353 million. Prior to the effective date of the agreement, GFL International or its wholly-owned subsidiary shall deposit the transaction funds to the custodians for custody in accordance with the requirements of the agreement, and such custodians shall be appointed by GFL International or its wholly-owned subsidiary and approved by the competent authority of Millennial. Millennial shall provide a written instruction to GFL International or its wholly-owned subsidiary three business days prior to the effective date of the agreement stating the amount of the transaction to be deposited under the agreement.
2. Millennial shall, prior to the effective date of the agreement, deposit or place sufficient funds to the custodians for custody to meet the aggregate price payable to the holders of Millennial's outstanding warrants.



## **V. THE PRICING BASIS AND PRINCIPLES OF THE TRANSACTION**

The subscription price for Millennial is C\$3.60 per share and the transaction share price is approximately 122% of the twenty (20) day average closing price of Millennial's shares on the TSX Venture Exchange recently, the total amount of the transaction shall not exceed C\$353 million, the price of the transaction was determined after arm's length negotiation with the seller based on adequate technical, financial and legal due diligence conducted on Millennial and the Lithium Salt Lake Project held by it by the Company and its professional advisors. The Company has adopted a variety of calculation methods to confirm the consideration of the transaction, with reference to the situation of several comparable listed companies in the mining industry and the valuation analysis of comparable equity interest acquisition transactions in mining exploration projects, and analyzed the project valuation through a financial model and discounted cashflow method. The Company has also recognized the intrinsic value of the Pastos Grandes salt lake project with reference to the Net Present Value method, according to the feasibility study report on Lithium Resources Project prepared by WorleyParsons Chile S.A. and Montgomery & Associates Consultores Limitada, the net pre-tax present value of the project is US\$1,030 million, and the internal rate of return is 24.2%. The Company believes that the transaction price is within a reasonable range, taking into account the market condition, the competition tendency and other factors.

## **VI. COMPLIANCE AND EFFECTIVE CONDITIONS FOR THE TRANSACTION**

1. The transaction was considered and approved at the 29th meeting of the fifth session of the board of directors held by the Company on 16 July 2021, with 10 affirmative votes, 0 dissenting vote and 0 abstention vote, and the management of the Company was authorized to exercise the full power to handle all matters relating to the transaction. According to the provisions of Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange and the Articles of Association, the transaction does not constitute a related party transaction, nor does constitute major assets restructuring as defined under the Administrative Measures for Major Asset Restructuring of Listed Companies, and is subject to being submitted to the general meeting of the Company for consideration.
2. The transaction is subject to consideration and approval by the general meeting of both of parties.
3. The transaction shall be subject to the filling or approval by the relevant competent departments of the PRC and Canada.

## **VII. PURPOSE, IMPACT ON THE COMPANY AND EXISTING RISKS OF THE TRANSACTION**

### **(I) Purpose of the transaction**

The transaction is conducive to the expansion of the Company's business and the enhancement of its core competitiveness, which is in line with the Company's strategy of upstream and downstream integration and its strategy of development in new energy vehicle industry.

### **(II) Impact on the Company of the transaction**

The transaction will lead to a certain of net outflow for the cash flow of the Company, which will not have a significant impact on the normal working capital of the Company. The transaction will have a positive impact on the financial position and operating results of the Company in the future. The transaction will have minimal impact on the Company's financial position and operating results for 2021.

### **(III) Existing risks in the transaction**

1. The transaction is subject to approval by the general meeting of both of parties, and subject to verification and approval by and filing with relevant competent authorities of the PRC and Canada, which involves the risk of failing to obtain approval.
2. The changes in policies of Argentina on mineral products qualification admittance, environmental protection examination and approval, safety production, taxation and other matters will affect the future production and operation and profitability of Millennial.
3. Notwithstanding a professional institution has conducted evaluation on the resource reserve of the Lithium Salt Lake Projects held by Millennial, there are risks, with respect to the resource data, that the total resources and the reserves may differ from the actual total resources, reserves, and actual exploitable reserves.
4. Due to a series of fixed asset investment and technology input are required in mineral exploitation, and been constrained by natural conditions where the Lithium Salt Lake Projects held by Millennial locates, there may be a risk that the expected scale of mining may not be reached.

5. Due to the impact of international politics, economic environment and industrial policies, fluctuations in the price of lithium products will affect the economic benefit of the Lithium Salt Lake Projects held by Millennial.

The board of directors of the Company will proactively pay attention to the progress of the transaction and perform the obligation of information disclosure in a timely manner. Investors are advised to pay attention to the investment risks.

## **VIII. INDEPENDENT OPINIONS OF INDEPENDENT DIRECTORS**

The purpose of the offer to purchase no more than 100% equity interest in Millennial by the Company is conducive to the Company's business development and strategic implementation of vertical industry chains, and the enhancement of its core competitiveness, and is in line with the Company's strategies of upstream and downstream integration. The terms of the transaction were determined after arm's length negotiation which were fair and reasonable, without any prejudice to the interests of the Company and all shareholders. The decision-making procedures of the transaction are in compliance with the requirements of the Company Law, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Articles of Association of the Company and other relevant laws and regulations. In conclusion, we agree to the offer to purchase no more than 100% equity interest in Canada Millennial.

## **IX. DOCUMENTS AVAILABLE FOR INSPECTION**

1. The resolution passed at the 29th meeting of the fifth session of the board of directors of the Company;
2. Independent directors' independent opinions on the relevant matter.

Announcement is hereby given.

**GANFENG LITHIUM CO., LTD.**

*Board of Directors*

July 17, 2021