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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
October 21, 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 ACQUISITION OF 8.58% EQUITY INTEREST OF LITIO MINERA ARGENTINA S.A. 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 8.58% equity interest of Litio minera Argentina S.A. (hereinafter referred to as “**Litio**”). 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. According to the articles of association, foreign investment management system and other relevant systems, the transaction does not need to be approved at the board and general meeting of the Company.
2. This transaction has been closed recently.
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 Mariana.
4. Notwithstanding a professional institution has conducted evaluation on the resource reserve of the Mariana Lithium Salt Lake Projects, 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 Mariana Lithium Salt Lake Projects 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 Mariana Lithium Salt Lake Projects.

I. OVERVIEW OF THE TRANSACTION

Jiangxi Ganfeng Lithium Industry Co., Ltd. (hereinafter referred to as “**the company**”) plans to acquire 8.58% equity interest of Litio held by international lithium Corp. (hereinafter referred to as “**International Lithium**”) through Ganfeng lithium Netherlands Co., B.V. (hereinafter referred to as “**Netherlands Ganfeng**”), a wholly-owned subsidiary of the Company. The transaction consideration is USD10,000,000 with self-owned funds of the Company and the exemption of the past development loans and interests of GFL International Co., Ltd, a wholly-owned subsidiary of the Company, to the international lithium industry, with a total transaction amount of USD13,178,233.34. The transaction has been closed recently, the Company indirectly holds 100% equity interest of Litio and its Mariana lithium salt lake project.

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. According to the articles of association, foreign investment management system and other relevant systems, the transaction does not need to be approved at the board and general meeting of the Company.

II. BASIC INFORMATION ON THE COUNTERPARTY OF THE TRANSACTION

International lithium is a company established under the jurisdiction of the laws of British Columbia, Canada. It was established in December 2009 and listed on the GEM of the Toronto Stock Exchange on May 24, 2011 with the stock code of ILC. The registered address of International lithium is Suite 400–725 Granville Street, Vancouver, British Columbia, Canada V7Y 1G5. As of October 1, 2021, the number of ordinary shares issued by International lithium is 233,880,443, and its largest shareholder John Wisbey owns 17.00% equity interest in International Lithium. The principal business of International Lithium include exploration and development of lithium and rare metals.

III. BASIC INFORMATION OF THE TARGET COMPANY

1. Litio was incorporated in Mendoza Province, Argentina on April 5, 2010 according to Argentine law, and has not been listed yet. Before the completion of the transaction, the Company indirectly held 91.42% of its equity interest, and International Lithium industry held 8.58% of its equity interest. Upon the completion of the transaction, the Company indirectly holds 100% of its equity interest. The principal business of Litio is mineral exploration and investment, with 100% interest in Mariana lithium salt lake project in Salta Province, Argentina.

2. Below is the financial data of Litio for the latest two years and the latest period:

Unit: USD

Indicators	December 31	June 30
	2020	2021
	(Audited)	(Unaudited)
Total assets	14,683,895.36	24,652,616.00
Net assets	<u>-5,109,783.08</u>	<u>2,585,590.40</u>
		From 1 January
Indicators	2020	to 30 June 2021
	(Audited)	(Unaudited)
Operating revenue	0	0
Net profit	<u>-2,559,042.87</u>	<u>1,413,604.48</u>

As at 30 June 2021, the gearing ratio of Litio was 89.51%.

IV. INFORMATION ON THE MINING RIGHT INVOLVED

1. The Mariana Lithium Salt Lake Project currently holds 18 mining licenses and exploration licenses, with an area of 32,436 ha, the information is as following:

License name	No.	Whether the mining right is granted	Area (HA)	Expiry date
Mariana 1	18519	Granted	1,500	No term limit
Mariana 2	18520	Granted	1,500	No term limit
Mariana 3	18521	Granted	1,500	No term limit
Mariana 4	18522	Granted	1,473	No term limit
Mariana 5	18719	Granted	436	No term limit
Mariana 6	18749	Granted	1,500	No term limit
Mariana 7	18748	Granted	1,500	No term limit
Mariana 8	18747	Granted	1,500	No term limit
Mariana 9	18746	Granted	1,500	No term limit
Mariana 10	21056	Granted	2,000	No term limit
Mariana 11	21057	Granted	2,000	No term limit
Mariana 12	22257	Granted	2,800	No term limit
Rosa IV	19729	Granted	2,926	No term limit
Mariana 14	23287	Not granted	1,425	No term limit
Cintia	23679	Not granted	1,485	No term limit
Cerro Carpa I	18077	Granted	2,894	No term limit
Cerro Carpa II	18078	Not granted	3,000	No term limit
Potasa II	20495	Granted	1,497	No term limit

- 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.

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

The main product of the mine is the lithium compound produced from lithium-bearing salt lake brine. Mariana salt lake project has planned an annual capacity of 20,000 tonnes lithium chloride for its phase I production, this project capacity is currently under construction.

- Mineral resources reserves:

According to the technical report issued by Golder associates Consulting Ltd. and the principles and guidelines of Ni 43–101 and JORC code 2012, the resources of Mariana lithium salt lake project under Litio are as follows:

Resource type	Volume of	Volume of	Density of	Li (mg/L)	K (mg/L)	Li (kt)	LCE (kt)	LiCl (kt)
	aquifer (mm ³)	brine (GL)	brine (g/ml)					
Measured Resources	17,653	2,648	1.217	315	9,598	833	4,436	5,089
Indicated Resources	9,286	1,393	1.213	326	10,044	454	2,418	2,774
Inferred resources	4,747	712	1.211	334	10,121	238	1,267	1,454
Measured Resources + Indicated Resources		4,041	1.215	319	9,752	1,287	6,854	7,863

Note: The cut-off grade adopted in the resource estimate is 230mg/L.

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

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

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

The target of the transaction is 8.58% equity interest in Litio. The mining right is currently registered under the name of Litio, and is not involved in the transfer of the mining right ownership.

V. MAJOR TERMS OF THE CONTRACT

Seller: International Lithium

Purchaser: Ganfeng, Netherlands

1. The seller will transfer 8.58% of the equity interest of Lito to the purchaser on the completion date in accordance with the provisions of the contract.
2. The consideration for the transaction is USD10,000,000, and exempting the amount of past development loans and interests from GFL international, a wholly-owned subsidiary of the Company, to International Lithium. The total consideration does not exceed USD13,178,233.34.
3. The purchaser will pay USD10,000,000 to the seller on the completion date to purchase the shares involved in the transaction, and pay the development loan principal plus interest totaling USD3,178,233.34 to the account designated by the seller; at the same time, the Seller shall return the development loan principal plus interest totaling USD3,178,233.34 to the account designated by the purchaser to repay the past development loan and interest from GFL International, a wholly-owned subsidiary of the Company, to International Lithium.

VI. FAIRNESS OF CONSIDERATION OF THE TRANSACTION

The total consideration for the Company's subscription of 8.58% shares of Lito is USD13,178,233.34. At the same time, before the transaction, the Company has indirectly held 91.42% shares of Mariana lithium salt lake project and controlled the project. The transaction price is determined through fair negotiation with the seller on the basis of the Company's full understanding of Mariana lithium salt lake project. The transaction valuation has also referred to the feasibility study report for Mariana lithium salt lake project issued by Golder associates Consulting Ltd. in June 2021. On the basis of assuming that the price of lithium chloride products is USD10,000, the net present value before tax of 100% equity interest of the project corresponding to 20,000 tons of lithium chloride capacity in phase I of Mariana lithium salt lake project is about US \$250 million, and the internal rate of return is 16%. The consideration valuation of the transaction is lower than the NPV before tax level in the above feasibility study analysis report, which is within a reasonable range.

Since Mariana lithium salt lake project is still under construction and has not generated operating revenue and profit, the company believes that P/E ratio, P/B ratio and other indicators cannot be used as the reference basis for the acquisition. Referring to the similar acquisition cases of some global lithium salt lake resources projects in the market in recent years and the market value of similar lithium salt lake enterprises in the current market, the company makes a comparative analysis from the perspective of consideration per 10,000 tons of resources as follows:

Company/project name	Resource type	Valuation basis	Market valuation/ transaction consideration	Resources (Measured + indicated + inferred)	Valuation / 10,000 ton ICE	Valuation / 10,000 ton LCE (equivalent to RMB)
Litio (Mariana)	salt lake	Arm's length negotiation by both parties	Purchase of 8.58% shares for consideration of USD13,178,233.34	8.12 million tons of LCE	USD189,200	RMB1,222,000
Minera Exar (Cauchari-Olaroz)	salt lake	February 7, 2020, the consideration of capital increase to 51%	USD16,326.5 thousand	24.58 million tons of LCE	USD332,000	RMB2,152,000
Millennial (Pastos Grandes)	salt lake	2021 Market value of Toronto Stock Exchange on August 26, 2014	CAD322,780 thousand	4.91 million tons of LCE	CAD657,000	RMB3,374,000
Neo lithium (3Q)	salt lake	The Market value in Toronto Stock Exchange on August 26, 2021	CAD654,430 thousand	6.92 million tons of LCE	CAD945,000	RMB4,854,000

Data source: public information disclosure of Companies

In conclusion, the pricing of the transaction comprehensively considers multiple factors and is determined by both parties through negotiation, which is in line with international M&A practice. At the same time, since the Company had held 91.42% of the shares of Litio before the transaction and had a strong voice in the target Company, the valuation of the acquisition price is lower than that of other comparable companies in the market and acquisition cases. Therefore, this transaction does not prejudice the interests of the Company and all shareholders.

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

(I) Purpose of the transaction

The transaction is to strengthen the layout in the upstream lithium resource of the Company, and to better promote the future development, construction and operation of Mariana lithium salt lake project in Argentina, which is conducive to the Company's implementation of the comprehensive layout of new energy industry, further improve the Company's core competitiveness and profitability, and is in line with the Company's development strategy.

(2) 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.

(3) Existing risks in the transaction

1. 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 Mariana.
2. Notwithstanding a professional institution has conducted evaluation on the resource reserve of the Mariana Lithium Salt Lake Projects, 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.
3. Due to a series of fixed asset investment and technology input are required in mineral exploitation, and been constrained by natural conditions where the Mariana Lithium Salt Lake Projects locates, there may be a risk that the expected scale of mining may not be reached.
4. 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 Mariana Lithium Salt Lake Projects.

VIII. DOCUMENTS AVAILABLE FOR INSPECTION

Share purchase contract.

Announcement is hereby given.

GANFENG LITHIUM CO., LTD.
Board of Directors

October 21, 2021