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TIANQI LITHIUM

Tianqi Lithium Corporation

天齊鋰業股份有限公司

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

(Stock Code: 9696)

CONTINUING CONNECTED TRANSACTIONS

UNDER ALBEMARLE AGREEMENTS

(1) EXCEEDED THE 2023 ANNUAL CAP

AND

(2) REVISION OF THE 2024 ANNUAL CAP

Reference is made to the prospectus dated 30 June 2022 (the “**Prospectus**”) of Tianqi Lithium Corporation (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) with regards to (among other things) the continuing connected transactions between the Group and Albemarle Germany (the controlling shareholder of RT Lithium; while RT Lithium is a substantial shareholder of Windfield, a subsidiary of the Company) under the Albemarle Agreements. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Prospectus.

As disclosed in the Prospectus, the Group continued the transactions contemplated under the Albemarle Agreements after the listing within the term of the Albemarle Agreements. The estimated annual cap of the transaction volume under the Albemarle Agreements for each of the three years ended/ending 31 December 2022, 2023 and 2024 are 700,000 tons, 740,000 tons and 740,000 tons, respectively. In the course of preparing the Group’s annual results for the year ended 31 December 2023 and reviewing the Group’s continuing connected transactions, the Company noted that the actual transaction volume of continuing connected transactions under the Albemarle Agreements for the year ended 31 December 2023 was approximately 810,000 tons (corresponding to a transaction amount of approximately RMB26.174 billion), which exceeded the estimated annual cap of 740,000 tons for 2023.

Given that the actual transaction volume of the relevant transactions in 2023 has exceeded the 2023 annual cap under the Albemarle Agreements, and taking into account (i) the expected annual production volume and inventory strategy of the Greenbushes Mine in 2024 (determined with reference to existing production capacity, inventory strategy and the capacity increases due to technical process upgrades; (ii) the rapid development of new energy industry in recent years, with an expectation of further increased demand for lithium products; and (iii) the assumption that Albemarle Germany will elect to take up the whole of its primary entitlement of up to 50% of the annual production volume of the Greenbushes Mines, and the procurement volume may be increased accordingly based on the demand for lithium products from its downstream customers, upon review and approval by the Board of Directors of the Company (the “**Board**”), the Company now revised the estimated annual cap under the Albemarle Agreements for the year ending 31 December 2024 to not exceeding 810,000 tons.

IMPLICATION UNDER THE LISTING RULES

As of the date of this announcement, RT Lithium holds a total of 49% of the issued shares of Windfield, a subsidiary of the Company, therefore RT Lithium is a substantial shareholder of the Company's subsidiary and accordingly a connected person of the Company. As Albemarle Germany is the controlling shareholder of RT Lithium and accordingly an associate of RT Lithium, therefore Albemarle Germany is a connected person of the Company at the subsidiary level. As such, the transactions between the Group and Albemarle Germany under the Albemarle Agreements constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.101 of the Listing Rules, as the transactions under the Albemarle Agreements are on normal commercial terms or better and (i) have been approved by the Board and (ii) confirmed by the independent non-executive Directors that the terms of the Albemarle Agreements were fair and reasonable, the transactions were entered into on normal commercial terms or better and in the ordinary and usual course of the Group's business, and are fair and reasonable and in the interests of the Company and the shareholders as a whole, the revision of the estimated annual cap for the year ending on 31 December 2024 under the Albemarle Agreements therefore is subject to the reporting, announcement and annual reviews requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors, including the independent non-executive Directors, are of the view that the Albemarle Agreements were entered into on normal commercial terms or better and in the ordinary and usual course of the Group's business, are fair and reasonable and in the interests of the Company and the shareholders as a whole, and that the revised estimated annual cap for year 2024 under the Albemarle Agreements is also fair, reasonable, and in the interests of the Company and the shareholders as a whole.

Reference is made to the Prospectus with regards to (among other things) the continuing connected transactions between the Group and Albemarle Germany (the controlling shareholder of RT Lithium; while RT Lithium is a substantial shareholder of Windfield, a subsidiary of the Company) under the Albemarle Agreements. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Prospectus.

As disclosed in the Prospectus, the Albemarle Agreements include the Albemarle Off-take Agreement and the Albemarle Distribution Agreement. The Albemarle Off-take Agreement governs the distribution of concentrate used to convert to lithium carbonate, lithium hydroxide, other lithium chemicals (chemical grade products), while the Albemarle Distribution Agreement governs the distribution of other products (technical grade products) produced from the mining operations at Greenbushes Mine. So long as Albemarle Germany or its related body corporate holds shares in Windfield, Albemarle Germany is entitled to take up to an initial 50% of the annual production from the mining operations at Greenbushes Mine. The Group continued the transactions contemplated under the Albemarle Agreements after the listing and within the term of the Albemarle Agreements. The annual caps of the transaction volume under the Albemarle Agreements for each of the three years ended/ending 31 December 2022, 2023 and 2024 are 700,000 tons, 740,000 tons and 740,000 tons, respectively.

Albemarle Germany is a connected person at the subsidiary level of the Company. Pursuant to Rule 14A.53(1) of the Listing Rules, an annual cap expressed in monetary terms must be set for continuing connected transactions by the listed issuer. As disclosed in the Prospectus, the sales price is difficult to predict given the fluctuations of lithium concentrate product prices. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to the Company from strict compliance with Rule 14A.53(1) in respect of the annual caps of the transactions under the Albemarle Agreements to be expressed as the volume of concentrates to be sold under the Albemarle Agreements on the condition that the Company undertakes to separately disclose the actual transaction volume under the Albemarle Agreements in the future interim and annual financial statements.

Exceeded the 2023 Annual Cap

In the course of preparing the Group's annual results for the year ended 31 December 2023 and reviewing the Group's continuing connected transactions, the Company noted that the actual transaction volume of continuing connected transactions under the Albemarle Agreements for the year ended 31 December 2023 was approximately 810,000 tons (corresponding to a transaction value of approximately RMB26.174 billion), which exceeded the annual cap of 740,000 tons for 2023. The primary reasons are as follows:

- (1) Windfield continued to improve production technology and processes. After the tailings retreatment plant was put into operation, the production capacity ramped up steadily. The ore grades of the Greenbushes Mine plants were higher than expected, resulting in an increase in recovery rates. All plants at the Greenbushes Mine operated at full capacity in 2023. Therefore, the actual annual production volume of the Greenbushes Mine in 2023 reached 1.52 million tons, exceeded the anticipated annual production volume of 1.48 million tons in the Prospectus when the annual cap was set.
- (2) In 2023, the Company's subsidiary TLEA reduced its procurement of chemical grade lithium concentrate, accompanied by an increase in procurement by Albemarle Germany.

Pursuant to the Albemarle Agreements, the Group and Albemarle Germany will share the annual production of the Greenbushes Mine on a 50%:50% basis. However, in the event of a decrease in procurement by one party and an increase in procurement by the other, procurement quantities may be adjusted as needed. As disclosed in the Prospectus, the 2023 annual cap under the Albemarle Agreements is calculated based on (including but not limited to) Albemarle Germany's procurement of up to 50% of the annual production of the Greenbushes Mine. However, due to the cyclical nature of the lithium industry and the difficulty in predicting downstream demand, the Group found it challenging to estimate Albemarle Germany's actual procurement volume. In the second half of 2023, Albemarle Germany increased its procurement volume, resulting in the actual transaction volume to exceed the 2023 annual cap.

- (3) In January 2023, due to shipping schedule adjustments and other factors, some orders nominated in 2022 were postponed to 2023 and included in the transaction volume for 2023.

The Company promptly identified that the actual transaction volume under the Albemarle Agreements exceeded the 2023 annual cap and promptly revised the existing 2024 annual cap, and made the announcement accordingly. The actual transaction volume of the relevant transactions under the Albemarle Agreements exceeding the 2023 estimated annual cap had no significant impact on the Company's business and operations, nor did it have any significant financial impact on the Company.

Revision of the 2024 Annual Cap and Basis for Determination

As disclosed in the Prospectus, the annual caps of the volume of continuing connected transactions under the Albemarle Agreements for each of the three years ended/ending 31 December 2022, 2023 and 2024 are 700,000 tons, 740,000 tons and 740,000 tons, respectively. The above annual caps are determined with reference to the following factors: (i) the expected annual production volume of the Greenbushes Mine for each year of 2022, 2023 and 2024, which is set with reference to forecast production for the corresponding year included in the Competent Person's Report as set out in Appendix IV to the Prospectus; (ii) the higher expected demand for lithium products due to increased demand for downstream products; and with reference to the proposed investment plans in lithium processing factories of Albemarle Germany in Australia and China; and (iii) the assumption that Albemarle Germany will elect to take up the whole of its primary entitlement of up to 50% of the annual production volume of the Greenbushes Mine.

Given that the actual transaction volume of the relevant transactions has exceeded the 2023 estimated annual cap under the Albemarle Agreements, and taking into account (i) the expected annual production volume and inventory strategy of the Greenbushes Mine in 2024 (determined with reference to existing production capacity, inventory strategy and capacity increases due to technical process upgrades; (ii) the rapid development of the new energy industry in recent years, with an expectation of further increased demand for lithium products; and (iii) the assumption that Albemarle Germany will elect to take up the whole of its primary entitlement of up to 50% of the annual production volume of the Greenbushes Mines, and the procurement volume may be increased accordingly based on the demand for lithium products from its downstream customers. Upon review and approval by the Board, the estimated annual cap under the Albemarle Agreements for the year ending 31 December 2024 was revised to not exceeding 810,000 tons. This cap does not represent the actual transaction volume between the Group and Albemarle Germany, nor does it represent the actual production volume of the Group.

The following table sets forth (i) the actual transaction volumes for the three years ended 31 December 2021, 2022, and 2023; (ii) the existing annual cap under the Albemarle Agreements for the year ending 31 December 2024; and (iii) the revised annual cap for 2024:

Actual transaction volume for the years ended 31 December			Existing annual cap for the year ending 31 December 2024	Revised annual cap for the year ending 31 December 2024
2021	2022	2023		
392,789 tons	659,442 tons	811,710 tons	740,000 tons	810,000 tons

The Directors, including the independent non-executive Directors, are of the view that the Albemarle Agreements were entered into on normal commercial terms or better and in the ordinary and usual course of the Group's business, are fair and reasonable and in the interests of the Company and the shareholders as a whole, and that the revised annual cap for 2024 under the Albemarle Agreements is also fair, reasonable, and in the interests of the Company and the shareholders as a whole.

Follow-up measures:

- (i) As part of its daily operations, the Company's industry analysis department constantly monitors the outlook of the global lithium market as well as the price changes and trends of global lithium products through reliable sources. The relevant findings will be reported to the senior management and the Board. In particular, the Company has subscribed to authoritative market reports issued by well-known industry experts to keep abreast of the latest development and price trends of the global lithium market. Possessing the market knowledge enables the Directors to assess whether the prices are set on normal or more favorable commercial terms.
- (ii) Additional training will be arranged for relevant business personnel of the Company and its subsidiaries to enhance their awareness of compliance with internal control procedures related to continuing connected transactions of the Group. The Company will also arrange real-time monitoring of continuing connected transactions from financial and business lines and make regular reporting to the management and the Board for their consideration to take appropriate measures under specific circumstances, including but not limited to convening meetings in a timely manner to determine new annual caps and publishing announcements in relation to the renewal of annual caps.

By implementing above procedures and internal control measures, the Board believe that the Group has established adequate internal control measures to ensure compliance with the annual caps under the Albemarle Agreements and that the terms under the Albemarle Agreements will be in line with market terms and normal commercial terms, which are fair and reasonable to the Company and the shareholders as a whole.

Reasons for and Benefits of the Revised Annual Cap for 2024

In light of Windfield's ongoing enhancements in production technology and processes, it is anticipated that the annual production from the Greenbushes Mine will see a further increase in 2024 and progressively approach its nameplate capacity. Given the global development trends within the new energy industry, there is an anticipated increase in the demand for both chemical grade and technical grade lithium concentrate products from downstream customers. The Directors believe that the existing annual cap for 2024 is likely to be exceeded. Therefore, the Directors are of the view that revising the existing annual cap for 2024 will provide the Group with additional room to conduct businesses under the Albemarle Agreements.

The Directors, including the independent non-executive Directors, are of the view that the revised annual cap for 2024, along with the basis for its determination, to be reasonable. None of the Directors has any material interest in the transactions contemplated under the Albemarle Agreements. Therefore, no Director is required to abstain from voting on the resolution of the Board in approving the revised annual cap for 2024.

Implication under the Listing Rules

As of the date of this announcement, RT Lithium holds a total of 49% of the issued shares of Windfield, a subsidiary of the Company, therefore RT Lithium is a substantial shareholder of the Company's subsidiary and accordingly a connected person of the Company. As Albemarle Germany is the controlling shareholder of RT Lithium and accordingly an associate of RT Lithium, therefore Albemarle Germany is a connected person of the Company at the subsidiary level. As such, the transactions between the Group and Albemarle Germany under the Albemarle Agreements constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.101 of the Listing Rules, as the transactions under the Albemarle Agreements are on normal commercial terms or better and (i) have been approved by the Board and (ii) confirmed by the independent non-executive Directors that the terms of the Albemarle Agreements were fair and reasonable, the transactions were entered into on normal commercial terms or better and in the ordinary and usual course of the Group's business, and are fair and reasonable and in the interests of the Company and the shareholders as a whole, the revision of the annual cap for the year ending 31 December 2024 under the Albemarle Agreements therefore is subject to the reporting, announcement and annual review requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

General Information

(1) The Company

The Company is a joint-stock company incorporated in China, dual-listed on both the Hong Kong Stock Exchange (Stock Code: 9696) and the Shenzhen Stock Exchange (Stock Code: 002466). The Company is a leading lithium producer in China and globally, owning and operating lithium mines in Australia, and producing lithium compounds and derivatives in China.

(2) Windfield

Windfield is a limited company incorporated in Australia and a subsidiary of the Company. The Company indirectly holds a total of 51% of the issued shares of Windfield through its subsidiary TLEA, while RT Lithium directly holds the remaining 49% of Windfield's issued shares. The primary asset of Windfield is the Greenbushes Mine operated by several of its subsidiaries.

(3) Albemarle Germany

Albemarle Germany is a company incorporated in Germany. It is the controlling shareholder of RT Lithium and a subsidiary of a global chemicals company listed on the New York Stock Exchange, namely, Albemarle Corporation. Albemarle Germany is primarily engaged in the processing of lithium products.

By order of the Board
Tianqi Lithium Corporation
Jiang Weiping
Chairman of the Board and Executive Director

Hong Kong, 8 March 2024

As at the date of this announcement, the Board comprises Mr. Jiang Weiping, Ms. Jiang Anqi, Mr. Ha, Frank Chun Shing and Mr. Zou Jun, as executive Directors, and Mr. Xiang Chuan, Ms. Tang Guoqiong, Ms. Huang Wei and Ms. Wu Changhua as independent non-executive Directors.