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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

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

(Stock code: 2899)

Announcement in relation to the All-Cash Acquisition of Neo Lithium Corp. of Canada

Important notes:

Zijin Mining Group Co., Ltd.* (the "Company") entered into an arrangement agreement (the "Arrangement Agreement" or "Agreement") with Neo Lithium Corp. ("Neo Lithium" or the "Target Company"), a company listed on the Toronto Stock Exchange of Canada, on 8 October 2021, time in Toronto, Canada. The Company, through a wholly-owned subsidiary incorporated in Canada, has agreed to acquire all of the issued and outstanding common shares of Neo Lithium (the "Shares") for consideration of CAD$6.5 per Share in cash (the "Acquisition" or "Transaction"). The consideration for the Transaction is approximately CAD$960 million (equivalent to approximately RMB4.939 billion).

The Acquisition is subject to approval at a special meeting of shareholders of Neo Lithium (the "Special Meeting of Shareholders") as well as effective approvals, notices or waivers from the government of the People's Republic of China (the "PRC") or its authorised departments, and the relevant regulatory authorities and courts in Canada.

The Transaction does not constitute a connected transaction or a material asset restructuring of the Company. The Transaction was considered and approved by the board of directors of the Company (the "Board"), and does not require the approval of the Company's shareholders at a shareholders' general meeting.

The success of the Acquisition is subject to uncertainties. Investors should be aware of investment risks.

I. Overview of the investment

The Company entered into the Arrangement Agreement with Neo Lithium on 8 October 2021, time in Toronto, Canada. The Company, through a wholly-owned subsidiary incorporated in Canada, has agreed to acquire all of the issued and outstanding common shares of Neo Lithium for consideration of CAD$6.5 per Share in cash. The consideration for the Acquisition is approximately CAD$960 million, equivalent to

approximately RMB4.939 billion (based on the central parity rate of foreign exchange rate quotation of CAD$1:RMB5.1449 published by the China Foreign Exchange Trade System on 8 October 2021, adopted the same hereafter). The amount of consideration for the Transaction is subject to the final settlement amount of the consideration for the Acquisition.

The consideration per Share of the Acquisition represents a premium of approximately 18% over the closing price of CAD$5.49 per Share of Neo Lithium on 8 October 2021 as quoted on the TSX Venture Exchange (the "TSXV"), and a premium of approximately 36% over Neo Lithium's 20-day volume-weighted average price per Share.

The consideration payable for the Transaction is based on the Company's adequate due diligence of the assets held by Neo Lithium from a technical, financial, legal and other perspective, and was determined based on the Company's careful assessment on its value, taking into account Neo Lithium's stock price, and the offer prices in comparable transactions and customary commercial terms.

The Transaction was considered and unanimously approved by the Company's Board, and does not require the approval of the Company's shareholders at a shareholders' general meeting.

The Transaction will be completed pursuant to a plan of arrangement under the Business Corporations Act (Ontario). The Transaction will be subject to the approval of 66⅔% of the votes cast by Neo Lithium shareholders that are present and vote at the Special Meeting of Shareholders. In addition to the shareholder approval at the Special Meeting of Shareholders, the Transaction is subject to, but not limited to, the receipt of effective approvals, notices or waivers from the government of the PRC or its authorised departments, and the relevant regulatory authorities and courts in Canada, and the satisfaction of other closing conditions customary in transactions of this nature.

II. Basic information about the parties to the Transaction

(I) Zijin Mining Group Co., Ltd.*

For basic information about the Company, please refer to its company website, http://www.zjky.cn.

(II) 2872122 Ontario Limited, a wholly-owned subsidiary newly established in the Province of Ontario, Canada, by an overseas wholly-subsidiary of the Company, as the acquirer of the Transaction.

(III) Neo Lithium

For detailed information about the Target Company, please refer to its website, https://www.neolithium.ca.

III. Basic information about the acquisition target

(I) General information about the Target Company

Neo Lithium is a company incorporated under the Business Corporations Act (Ontario) in Canada. Its registered office address and headquarters are located in the City of Toronto, in the Province of Ontario. It is mainly engaged in the exploration and development of mineral resource properties in Argentina. The Shares of Neo Lithium are listed on the TSXV (TSXV: NLC), and quoted on the OTCQX over-the-counter market in the United States (code: NTTHF) as well as the Frankfurt Stock Exchange in Germany (code: NE2).

The core asset of Neo Lithium is the Tres Quebradas Salar lithium brine lake project (the "3Q Project" or "Project") located in Catamarca Province in the northwestern part of Argentina. The Project is rich in resources, high-grade, low-impurity, and has favourable development conditions and relatively large potential for production expansion. Neo Lithium holds all interest in the 3Q Project through Liex S.A., its wholly-owned subsidiary incorporated in Argentina.

As at 30 June 2021, Neo Lithium had 141,344,654 common shares issued and outstanding and 8,855,000 stock options outstanding in total. According to public information, the top five shareholders of the Target Company are: Contemporary Amperex Technology Co. Limited, Orn & Cie SA, Waldo Perez, Gabriel Pindar and BlackRock Inc., which parties hold approximately 8%, 5%, 4%, 4% and 3% of the Shares, respectively.

(II) Information about major asset

The core asset of Neo Lithium is its 100% interest in the 3Q lithium brine lake project in Argentina.

1. Geographical location and infrastructure

The 3Q Project is located in the southern end of the renowned "Lithium Triangle" in the Puna Plateau, which is in the southwestern region of Catamarca Province, the largest lithium production area in Argentina. The 3Q Project is connected to the national highway RN60 via 68km of gravel roads. This highway joins the capital city of Catamarca Province with the border of Chile and the port. There are no aboriginal communities or inhabitants in the project area. The project site is approximately 30 kilometres from the border of Chile, and is at straight line distance of about 200 kilometres from Caldera, a port in Chile.

The average elevation of the 3Q salar site is around 4,100 metres above sea level. It has an alpine climate. The annual temperature is between -4°C and 10°C, the annual precipitation is about 70-190 mm, and the evaporation is about 1,800 mm per annum. There is sufficient water supply surrounding the salar to satisfy the production need.

2. Information about major licences and permits

(1) Mining Claims

The 3Q Project consists of 13 Mining Claims, the total area of which is 353 square kilometres, covering the

entire salar surface and brine lake. Of such 13 Mining Claims, 10 continuous Mining Claims of the 3Q Project have been consolidated into one Mining Group, constituting the core area of mining activities, covering an area of 267 square kilometres.

The Mining Claims are granted for an unlimited period of time and remain the holder's property as long as the holder meets its obligations under the laws of Argentina, including annual canon payments and minimum investment commitments.

(2) Approval of environmental impact assessment

The approval of environmental impact assessment for the exploration and pilot production stage of the 3Q Project has been obtained. The Project has submitted an application for the environmental impact assessment for the exploitation stage in April 2019. Obtaining the approval of environmental impact assessment for the exploitation stage is one of the closing conditions for the Transaction.

3. Information about mineral resources

Since 2015 to date, the 3Q Project has completed one initial reconnaissance and three full geological exploration programs to evaluate the lithium resource development potential of the brine deposit.

The 3Q lithium brine lake project has aspects of both evaporite-dominant and clastic-dominant salar types which contain lithium brine deposits. The entire salar site generally has lithium brine mineralisation. The concentration of the brine lithium ion of the northern third of the salar is ≥800 mg/L, and the concentration of the brine lithium ion of the entire salar is ≥400 mg/L.

(1) Mineral resource estimate

Neo Lithium updated the mineral resource estimate results of the 3Q Project in accordance with NI 43-101 in June 2021. The results of the estimate show that the total mineral resource of lithium carbonate equivalent for the 3Q Project is about 7.565 million tonnes (lithium ion concentration at 400 mg/L cut-off). Among which, the total measured + indicated resource volume of lithium carbonate equivalent is 5.304 million tonnes, with average lithium ion concentration of 636 mg/L. Details are shown in Table 1:

Table 1: Lithium mineral resource estimate results of the 3Q Project (lithium ion concentration at 400 mg/L cut-off)

At 400 mg/L cut-off	**Average Li concentration (mg/L)**	**Li (tonne)**	**Li_2CO_3 equivalent (tonne)**
Measured	790	346,000	1,839,000

Indicated	576	651,000	3,465,000
Total M & I	636	996,000	5,304,000
Inferred	561	425,000	2,261,000

The above mineral resource contains high-grade lithium carbonate equivalent resource of 1.845 million tonnes (lithium ion concentration at 800 mg/L cut-off). Among which, the total measured + indicated resource volume of lithium carbonate equivalent is 1.682 million tonnes with average lithium ion concentration of 926 mg/L. Details are shown in Table 2:

Table 2: Lithium mineral resource estimate results of the 3Q Project (lithium ion concentration at 800 mg/L cut-off)

At 800 mg/L cut-off	Average Li concentration (mg/L)	Li (tonne)	Li_2CO_3 equivalent (tonne)
Measured	928	175,000	930,000
Indicated	923	141,000	752,000
Total M & I	926	316,000	1,682,000
Inferred	918	31,000	163,000

(2) Mineral reserve estimate

According to Neo Lithium's pre-feasibility study updated in accordance with NI 43-101 in April 2021, the total lithium mineral reserves (proven and probable) of the 3Q Project are estimated at 1,294,000 tonnes of lithium carbonate equivalent, including proven reserves of 328,000 tonnes lithium carbonate equivalent and probable reserves of 966,000 tonnes lithium carbonate equivalent. The average lithium ion concentration is 790 mg/L.

(3) Potential of resource

The 3Q Project brine basin dips east, showing that it is controlled by syn-sedimentary faults, and additional volume of high-grade resource is available on the eastern side of the basin. It indicates that there is a good potential to increase the known mineral resource.

(4) Information about impurities

The magnesium ion and sulfate content for the 3Q Project is low. The ratios of impurities to lithium in the mineral resource with lithium ion concentration at 800 mg/L cut-off are shown in Table 3:

Table 3: List of impurity ratios of the 3Q Project (lithium ion concentration at 800 mg/L cut-off)

Impurity ratio (At 800 mg/L cut-off)	Magnesium/Lithium	Sulfate/Lithium
Measured	1.66	0.49
Indicated	1.66	0.48
Total M & I	1.66	0.49
Inferred	1.67	0.41

4. Project development plan

(1) Overall planning

Neo Lithium had completed the pre-feasibility study for the 3Q Project in 2019 and updated it in April 2021. It is currently working with Worley on the definitive feasibility study for the 3Q Project, which is expected to be completed in the fourth quarter of 2021. The 3Q Project is expected to commence construction after the feasibility study is completed and the approval of the environmental impact assessment is obtained.

According to the pre-feasibility study in April 2021, the 3Q Project is expected to produce 20,000 tonnes of battery-grade lithium carbonate per annum over a 35-year life of mine. The Project is expected to have initial capital expenditures of USD$319 million, deferred and sustainable capital costs of USD$207 million, cash operating costs per tonne of lithium carbonate equivalent of USD$2,914; an after-tax net present value (NPV @8% discount rate) of USD$1,144 million, an internal rate of return (IRR) of 49.9%, and the payback period is expected to be 1.7 years (excluding the amount of acquisition fund and the time for project construction).

The designated annual production volume of the 3Q Project is 20,000 tonnes of lithium carbonate, which is based on minimal financing. According to the preliminary study conducted by a consultant, the Project has the conditions for production expansion. Through adopting the evaporation technology, it is possible for the brine lake to produce 40,000 to 60,000 tonnes of lithium carbonate per year.

(2) Lithium extraction process

Since October 2016, Neo Lithium has built two sets of pilot evaporation ponds in the salar area, and a lithium carbonate pilot plant with an annual production capacity of 40 tonnes. Neo Lithium produced battery-grade lithium carbonate with a purity of 99.891% in June 2021.

The 3Q Project intends to adopt the conventional evaporation - purification - lithium carbonate precipitation process to extract battery-grade lithium carbonate from the brine extracted from the wells.

(3) Operation of the Project

The Company will maintain the current management and professional team of Liex S.A., Neo Lithium's project company in Argentina, to leverage on their abundant local management and operation experience.

The development of the Project will make significant contributions to the economic and social development of the community and Catamarca Province, Argentina, where the Project is located.

(III) Information about significant financial data

Neo Lithium prepares financial statements in accordance with the International Financial Reporting Standards, which are audited by MNP LLP and auditor's reports with unqualified opinion were issued. Certain significant financial data from the last two years and one period is as follows:

Unit: CAD$

	30 June 2021 (Unaudited)	**31 December 2020 (Audited)**	**31 December 2019 (Audited)**
Total assets	102,743,828	69,718,902	65,899,578
Total liabilities	1,848,182	2,968,432	3,802,547
Total shareholders' equity	100,895,646	66,750,470	62,097,031
	January - June 2021	**Year 2020**	**Year 2019**
Operating income (Note 1)	0	0	0
Net income (Note 2)	-394,391	13,292,216	1,052,557

Notes: (1) As Neo Lithium has not yet commenced production, no operating income has been generated;

(2) Due to the fluctuation of the economy and currency of Argentina in recent years, the financial performance of Neo Lithium was affected.

IV. Major contents of the Agreement

(I) Parties to the Agreement

Guarantor of the Purchaser: Zijin Mining Group Co., Ltd.*

Purchaser: 2872122 Ontario Limited

Target Company: Neo Lithium

(II) Arrangement to the Transaction

The Purchaser, by way of a plan of arrangement, has agreed to acquire all of the issued and outstanding common shares of the Target Company. The Company unconditionally and irrevocably guarantees in favour of the Target Company the due and punctual performance of each of the Purchaser's obligations and liabilities under the Agreement.

(III) Consideration for the Transaction

CAD$6.5 per common share of the Target Company, payable in cash. The total consideration for the Transaction is approximately CAD$960 million.

(IV) Outside date for completion of the Transaction

8 March 2022, or such later date as may be agreed to by the parties to the Transaction. If the key regulatory approvals or the approval of the environmental impact assessment for the 3Q Project are not obtained, any parties to the Transaction may elect to extend the outside date, provided that in aggregate such extensions shall not exceed 90 days.

(V) Major conditions precedent

1. The arrangement resolution shall have been duly approved at the Special Meeting of Shareholders of the Target Company, i.e., approved by 66⅔% of the votes cast by Neo Lithium shareholders that are present and vote at the Special Meeting of Shareholders;

2. The interim order and the final order of the Ontario Superior Court of Justice shall have been obtained;

3. Key regulatory approvals, including the approvals from the National Development and Reform Commission of the PRC, the Ministry of Commerce of the PRC, the State Administration of Foreign Exchange of the PRC and the approvals, registrations, filings and clearances under the Investment Canada Act ("ICA") shall have been made, given or obtained;

4. No law or order shall be in effect that makes the consummation of the arrangement illegal or otherwise prohibits or enjoins the Target Company or the Purchaser from consummating the arrangement;

5. The approval of the environmental impact assessment for the exploitation stage of the 3Q Project shall have been obtained; and

6. There shall not have occurred any material adverse effect on the Target Company.

(VI) Termination amount, reverse termination amount and compensation payments

1. The Target Company shall pay the Purchaser the termination amount of USD$35,000,000 if the Transaction is terminated due to:

(1) There is a material breach of non-solicitation obligations by the Target Company;

(2) The board of directors of the Target Company changes its recommendation;

(3) The Target Company accepts a superior proposal; or

(4) The Agreement is terminated by the Company, the Purchaser or the Target Company, if there is a failure to obtain the shareholder approval at the Special Meeting of Shareholders, or by the Company or the Purchaser, if there is a material breach of any representation or covenant by the Target Company. If either of the abovementioned events occurs and before the Agreement is terminated, the Target Company has received a bona fide acquisition proposal and within nine months following the date of such termination, the Target Company enters into a definitive agreement in respect of any acquisition proposal and such acquisition proposal is later consummated (whether or not within nine months after such termination).

2. The Purchaser shall pay the Target Company the reverse termination amount of USD$35,000,000 in the event that the approvals from the government of the PRC have not been obtained, which makes the Transaction cannot be consummated.

3. In the event that the Target Company is in material breach of any representations or covenants which makes the Purchaser terminate the Agreement, the Target Company shall pay the Purchaser CAD$1,000,000 as a compensation.

(VII) Voting and support agreement

Each of the directors and senior officers of the Target Company that hold Shares, as shareholders, has executed voting and support agreements and agreed:

1. to vote his/her Shares in favour of the arrangement resolution at the Special Meeting of Shareholders;

2. not to sell or dispose of any Shares or any securities that are convertible into the Shares of the Target Company; and

3. not to exercise any rights of dissent.

(VIII) Other major terms

1. Covenants in respect of the interim period: the Target Company shall conduct its businesses in the ordinary course of business and follow the approved budget, and shall be consistent with past practice.

2. Non-solicitation covenant: The directors and senior officers of the Target Company shall not actively solicit any competitive offers from other parties.

3. Right to respond: If the Target Company receives an acquisition proposal in good faith and not under active solicitation, the Target Company shall have the right to respond and the Target Company shall notify the Purchaser. If the Target Company considers that the offer constitutes a superior proposal, it shall notify the Purchaser and the Purchaser has a right to respond or match within ten business days.

4. Governing law: The Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

V. Impacts of the Transaction on the Company

(I) In line with the Company's development strategy

Lithium is a strategic mineral resource for new energy, and is also a strategic resource to be developed as designated by the Board of the Company. The Company has been extensively dedicated to the development

of gold, copper, zinc and other non-ferrous metal minerals, forming a relatively strong industry competitiveness and influence. Leveraging on its advantages in mining development, chemical industry, metallurgy, environmental protection and other technical areas, the further expansion into strategic mineral resources related to new energy is in line with the Company's strategy and can broaden the Company's scope of development by tapping into a brand-new incremental field, which is beneficial to the Company's sustainable development.

(II) Excellent resource potential

The 3Q Project, the core asset of Neo Lithium, is located in Argentina, which is in the renowned "Lithium Triangle" in South America. Argentina is rich in lithium brine lake resources, and is an area with a relatively good investment environment. The 3Q Project is a large-scale, high-grade, low-impurity and high-quality lithium brine lake with good development conditions. The lithium extraction technology is mature, the cost is low, and the project service life is long.

(III) Expected quick investment return

According to the pre-feasibility study for the Project, the initial capital expenditures for the Project are estimated to be USD$319 million, with an annual output of 20,000 tonnes of battery-grade lithium carbonate. The estimated payback period of the investment is 1.7 years (excluding the amount of acquisition fund and the time for project construction). The Project has a large resource volume, with the potential to further expand its production capacity and the conditions to be developed into a world-class, large-scale brine lake production base. The Company anticipates that the Project will have a relatively strong profitability.

The consideration for the Transaction is approximately CAD$960 million, equivalent to approximately RMB4.939 billion, representing 8.74% of the audited net assets attributable to owners of parent of the Company as at the end of 2020. The amount of consideration for the Transaction is subject to the final settlement amount of the consideration for the Acquisition. The fund for the Acquisition will be self-financed by the Company.

VI. Investment risks

(I) Risk of uncertainties in completion of the Transaction

In the process of completing the Transaction, it is possible that other competitors may make offers to acquire the Target Company on terms that are superior to the acquisition terms offered by the Company. Completion of the Transaction is also subject to certain conditions precedent. Whether the Transaction can be completed is subject to uncertainties.

(II) Risk in project construction and operation

Although the Company has a certain degree of experience in technology, management and other relevant

areas, lithium brine lake development is a new field for the Company. The Company faces challenges in technology, talent and other areas, and the development of the Project is restricted by the natural environment in which the Project is located. There are risks that construction of the Project will fail to meet its scheduled milestones and the operation cannot reach the designated production capacity or targets in the subsequent development and operation process.

(III) Geographical risk

The 3Q Project is located in Argentina, which is an emerging market. The Project may be affected by a number of factors such as the local political and economic environment, industry policies, communities and governmental approvals, and there are certain risks.

(IV) Market risk

The new energy industry is developing rapidly, while facing fierce competition. The development trends and market of the lithium industry have relatively large uncertainties, e.g., substantial fluctuations in the price of the Project's product, which will bring uncertainties to the profitability of the Project.

The Transaction does not constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This announcement is made by the Company on a voluntary basis.

This announcement is published in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.

Investors and shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Lan Fusheng, Zou Laichang, Lin Hongfu, Ms. Lin Hongying and Mister Xie Xionghui as executive directors, Mister Li Jian as non-executive director, and Messrs. Zhu Guang, Mao Jingwen, Li Changqing, He Fulong, Suen Man Tak and Bo Shao Chuan as independent non-executive directors.

By Order of the Board of Directors
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

10 October 2021, Fujian, the PRC

**The Company's English name is for identification purpose only*