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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 11, 2022

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. Wang Jinben, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive directors of the Company.

Stock Code: 002460

Stock Abbreviation: Ganfeng Lithium

Number: Lin2022-066

GANFENG LITHIUM CO., LTD.

**ANNOUNCEMENT REGARDING THE ACQUISITION OF 100% EQUITY INTEREST
IN LITHEA 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 Lithea Inc. (hereinafter referred to as “Lithea”). 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 does not need to be considered at the general meeting of the Company.
2. The transaction is subject to the filing with relevant competent authorities of the PRC, which involves the risk of failing to complete the filing in time.
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 Lithea.
4. Notwithstanding a professional institution has conducted evaluation on the resource reserve of the Pozuelos and Pstos Grandes Lithium Salt Lake Projects held by Lithea (hereinafter referred to as “PPG Project”), 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 PPG Project 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 PPG Project.

I. OVERVIEW OF THE TRANSACTION

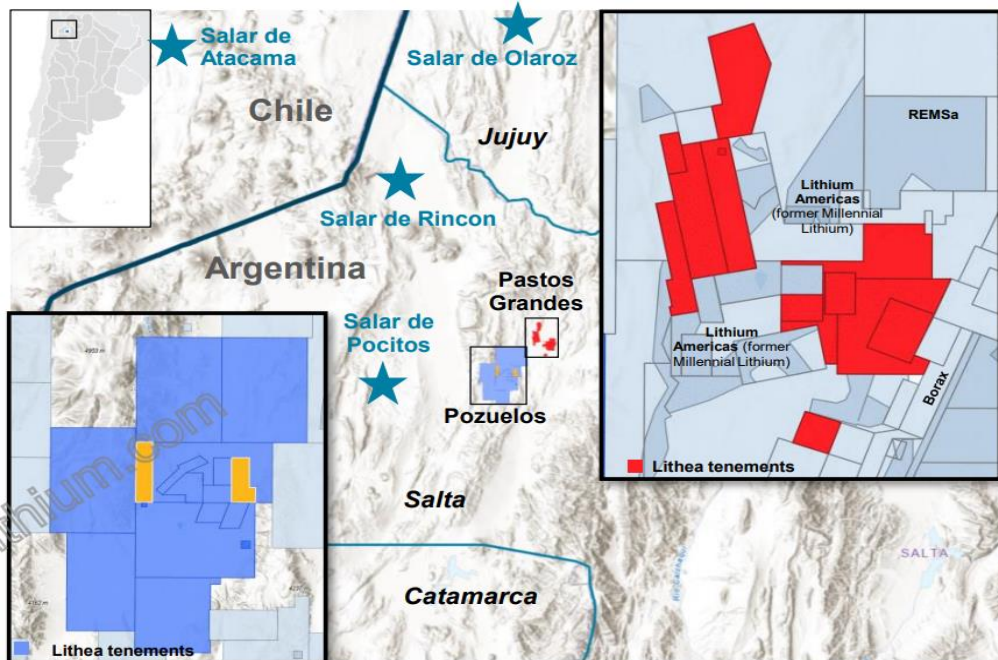
1. At the 45th meeting of the fifth session of the board of directors of Ganfeng Lithium Co., Ltd. (hereinafter referred to as the “Company”) held on 11 July 2022, the Resolution in relation to the acquisition of 100% equity interest in Lithea by GFL International or its wholly-owned subsidiary, involving Mining Rights Investment was considered and passed, approving the acquisition of no more than 100% equity interest in Lithea by GFL International Co., Limited (hereinafter referred to as “GFL International”), or its wholly-owned subsidiary for a total consideration of no more than US\$962 million, which includes the entire equity interest value and the value of relevant debts of Lithea to be undertaken by the Company. Before the completion of the transaction, the Company does not hold any equity interest in Lithea. Upon the completion of the transaction, GFL International or its wholly-owned subsidiary will hold no more than 100% equity interest in Lithea. 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, which does not need to be considered at the general meeting of the Company.

II. BASIC INFORMATION ON THE TARGET OF THE TRANSACTION

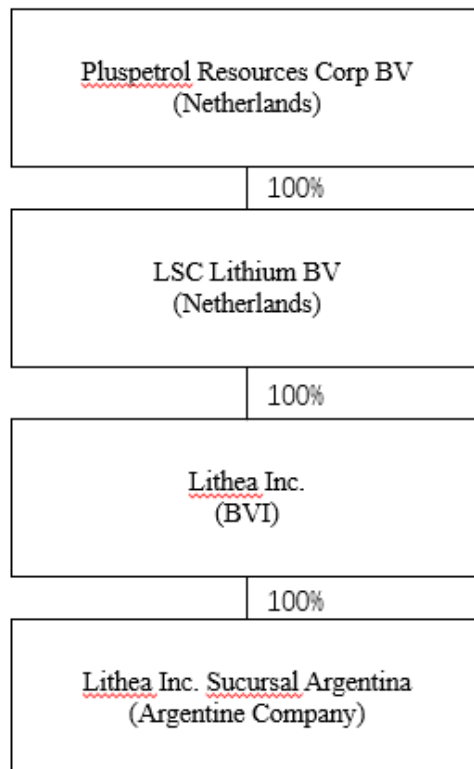
Lithea is a company incorporated under the law of the British Virgin Islands. Lithea was established on 27 July 2009, with its registered address at Jayla Place, Wickhams Cay 1, Road Town, Tortola, VG1110, British Virgin Islands. As of the date of disclosure of this announcement, the issued share capital of Lithea is 1,025 shares, all of which are held by LSC Lithium BV. The ultimate controlling shareholder of LSC Lithium BV is Pluspetrol Resource Corp BV. Lithea is engaged in the acquisition, exploration and development of lithium mining rights. Lithea's principal assets, the PPG Project, are two lithium brine projects located in Salta Province, Argentina, consisting of the Pozuelos and Pastos Grandes lithium salt lake assets.

The mining area of Pozuelos and Pastos Grande are 10,787 hectares and 2,683 hectares, respectively. Pozuelos and Pastos Grandes are located approximately 250 km and 230 km west of the city of Salta, respectively. The projects are located in the Pastos Grandes Salt Lake area of Argentina. There are mainly three companies in this salt lake area, the former Millennial Salt Lake held by Lithium Americas Corp., the SDLP Salt Lake held by Arena, and the PPG Project. The

locations of PPG Project are shown on the map below (blue and red are the areas where the relevant mineral rights owned by PPG Project are located):



The current shareholding structure of the Lithea is as follow:



Below is the financial data of Lithea for the latest year and the latest period:

Unit: USD'000

Indicator	31 December 2021 (Unaudited)	April 30, 2022 (Unaudited)
Total assets	41,913	49,520
Net assets	(8,717)	(11,946)
Indicator	2021 (Unaudited)	January 2022 to April 2022 (Unaudited)
Operating revenue	0	0
Net profit	(3,994)	(3,234)

Note: 1 USD=RMB6.69

Lithea does not generate sales revenue since it has not been in actual operation. The main reasons for the loss of Lithea are administrative expenses and exploration expenses. The reason for its negative net assets is mainly due to the existence of borrowings from its ultimate holding company, Pluspetrol Resource Corp BV, its affiliates and third parties.

Lithea and its parent company LSC Lithium BV, and the ultimate holding company Pluspetrol Resource Corp BV are 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

The main asset PPG Project of Lithea is the lithium salt lake project located in Salta Province, Argentina, including two lithium salt lake assets, Pozuelos and Pastos Grandes.

1. The PPG project currently holds 25 completed mining / exploration licenses:

No.	Name	Mining license/ Exploration license	Mining area	Expiry date
1	Avestruz	17517	460	No term limit
2	Leoncia	13533	100	No term limit
3	San Cayetano I	17322	200	No term limit
4	María Luisa II	17904	100	No term limit
5	La Buscada	17589	88	No term limit

6	Calchin	18790	90	No term limit
7	La Playosa	18791	344	No term limit
8	Coronel Vidt	3445	185	No term limit
9	María Daniela	17737	60	No term limit
10	La Rescatada II	17391	396	No term limit
11	Neptali I	9606	300	No term limit
12	Santa Rosa	17568	360	No term limit
13	Turco I	17950	3095	No term limit
14	Turco II	17951	2221	No term limit
15	Turco III	17952	2600	No term limit
16	Turco	17949	1576	No term limit
17	Sarita	1208	194	No term limit
18	Margarita	5569	300	No term limit
19	Pozuelo	4959	200	No term limit
20	San Mateo II	13171	200	No term limit
21	San Mateo III	13172	200	No term limit
22	Futuro I	12815	200	No term limit
23	Aguamarga 13	19095	3500	No term limit
24	Aguamarga 14	19096	3500	No term limit
25	Aguamarga 18	19100	3500	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 lithium carbonate produced by lithium salt lake brine, which is mainly used as the raw material for the production of lithium battery cathode materials. PPG Project plans to produce 30,000 tons of lithium carbonate per year in phase I, and it can be expanded to 50,000 tons of lithium carbonate per year depending on the natural resource conditions of the project location.

4. Mineral resources reserves:

Up to now, the resource of PPG Project is still under further exploration, and the estimation results of resource situation are as follows:

	Pozuelos		Pastos Grands		Total
Type	LCE (million tons)	Lithium Concentration (mg/L)	LCE (million tons)	Lithium Concentration (mg/L)	LCE (million tons)
Measured	0.6		0.20		0.80
Indicated	2.1		0.57		2.67
Inferred	7.4		0.19		7.59
Total resource	10.1	458	0.96	465	11.06

The Company hired a professional consultant Golder Associates Consulting Ltd (hereinafter referred to as "Golder") to make a due diligence on resources and technology for the PPG project. Golder believes that a relatively complete and reliable resource estimation has been completed previously by the PPG project. At the same time, as the exploration work of the PPG project continues and the resource model improves, it is judged that the above resource estimation results can be achieved within a reasonable range.

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

PPG Project 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 this transaction is 100% equity interest of Lithea, and the mining right is still under the name of the Argentine company of Lithea, which does not involve the transfer of mining right ownership.

IV. MAJOR TERMS OF THE AGREEMENT

The Company, the Company's wholly-owned subsidiary GFL International Co., Ltd or its wholly-owned subsidiary, plans to sign a Share Purchase Agreement with LSC Lithium BV, the parent company of Lithea, and Pluspetrol Resource Corp BV, the ultimate holding company (hereinafter referred to as "the Seller"). The main terms are as follows:

1. On the closing date, the Seller shall sell all its shareholding interests and creditor's rights of Lithea to the Company;

2. The total consideration for this acquisition is not more than 962 million US dollars, which includes the entire equity interest value and the value of relevant debts of Lithea to be undertaken by the Company;

3. The specific amount finally will be paid to the Seller shall be adjusted according to the actual debt amount of Lithea, but ultimately will not exceed the total consideration of the acquisition of \$962 million.

V. THE PRICING BASIS AND PRINCIPLES OF THE TRANSACTION

During the acquisition of 100% equity of Lithea, the Company hired professional consultants to conduct full due diligence on resources, technology, accounting, legal and other aspects of Lithea and its PPG lithium salt lake project. Based on the above due diligence results, the Company and the Seller determined the total consideration of this transaction through fair negotiation to be \$962million. The Company refers to the resource amount, grade, capacity and other conditions of several comparable lithium salt lake projects in Argentina, and believes that PPG project is an excellent project in terms of resource amount, resource quality, capacity expansion potential and other aspects amongst the major lithium salt lake projects in Argentina. The comparative information of the project is as follows:

Name of project	Resources (10,000 tons of LCE)	Grade (mg / L)	Planned annual capacity
Cauchari-Olaroz	2,458	592	40,000 tons of lithium carbonate for phase I
Rincon	1,177	378	25,000 tons of lithium carbonate
PPG Project	1,106	459	30,000 tons of lithium carbonate for phase I
Centenario/Ratones	1,000	NA	24,000 tons of lithium carbonate
Mariana	812	321	20,000 tons of lithium chloride for phase I
3Q	757	611	20,000 tons of lithium carbonate for phase I
Cauchari (Advantage)	630	457	25,000 tons of lithium carbonate
Sal de Vida	623	754	15,000 tons of lithium

			carbonate for phase I
Kachi	440	211	26,000 tons of lithium carbonate
Pastos Grandes (Millennial)	492	429	24,000 tons of lithium carbonate

Data source: public information of each company

At the same time, the Company compared the valuation based on the lithium resources referring to the acquisition cases of Argentina salt lake projects in the past 24 months, and the comparison information is as follows:

	PPG Project	Rincon	Pastos Grandes (Millennial)	3Q	Centenario
100% equity consideration (million: US D)	962	825	400	748	752
Resources (10,000 tons of LCE)	1106	1177	492	757	1000
Consideration / resource volume (million USD / 10000 tons of lithium carbonate)	0.86x	0.71x	0.81x	0.98x	0.75x

Data source: the public information of each company, and the transaction consideration is converted into USD

Golder, the professional consultant hired by the Company, also adopted the net present value method to fully demonstrate the intrinsic value of PPG lithium salt lake project. By selecting the average price of 16,000 US dollars of lithium carbonate in the past five years as the long-term reference price of lithium carbonate, and conservatively calculating according to the 40 years of annual production of 30,000 tons of lithium carbonate, the after tax net present value of PPG project is 1.218 billion US dollars, and the after tax internal rate of return is 30%.

To sum up, the Company believes that with reference to the recent valuation of comparable projects in the market and the intrinsic value of PPG project, the valuation of this transaction is in line with market practice and the transaction price is fair.

VI. COMPLIANCE AND EFFECTIVE CONDITIONS FOR THE TRANSACTION

1. The 45th meeting of the fifth Board of directors held on July 11, 2022 approved this transaction with 10 votes in favor, 0 votes against and 0 abstentions, and authorized the Company's

management to handle the relevant matters of this transaction. According to the provisions of the Stock Listing Rules of Shenzhen Stock Exchange and the Articles of Association of the Company, this transaction does not constitute a related party transaction, nor does it constitute a major asset reorganization as stipulated in the Administrative Measures for the Major Asset Reorganization of Listed Companies, and does not need to be considered at the general meeting of the Company.

2. The transaction is subject to the filing with relevant competent authorities of the PRC.

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

(I) Purpose of the transaction

This transaction will help the Company further strengthen the layout of upstream lithium resources, increase the company's resource self-sufficiency rate, enhance its core competitiveness, and it complies with the Company's upstream and downstream integration and new energy vehicle industry development strategy.

(II) Impact on the Company of the transaction

The fund sources of this transaction include but are not limited to the Company's own funds, financing funds, etc. This transaction will generate a certain net outflow of the Company's cash flow, but will not have a significant impact on the Company's normal working capital. This transaction has a positive impact on the Company's future financial situation and operating results, and has little impact on the Company's financial situation and operating results in 2022.

(III) Existing risks in the transaction

1. The transaction is subject to the filing with relevant competent authorities of the PRC, which involves the risk of failing to complete the filing in time.

2. 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 Lithea.

3. Notwithstanding a professional institution has conducted evaluation on the resource reserve of the PPG Project, 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.

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 PPG Project 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 PPG Project.

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 acquisition of no more than 100% equity interest in Lithea by the Company is conducive to the Company's business development and implementation of vertical industry chains strategy, 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 Stocks Listing Rules of Shenzhen Stock Exchange, the Articles of Association of the Company and other relevant laws and regulations. In conclusion, we agree to the acquisition of no more than 100% equity interest in Lithea.

IX. DOCUMENTS AVAILABLE FOR INSPECTION

1. The resolution passed at the 45th 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 12, 2022