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贛锋锂业
GanfengLithium

Ganfeng Lithium Co., Ltd.
江西贛鋒鋰業股份有限公司

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

(Stock Code: 1772)

DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTEREST IN MINERA EXAR AND CAPITAL INJECTION IN MINERA EXAR

The Board announces that on February 5, 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Transaction Agreement with the Target Company and Lithium Americas Corp. ("**LAC**"), pursuant to which the Purchaser shall subscribe for 14,389,484 new shares from the Target Company for a total consideration of US$16,326,531 (the "**Acquisition**").Together with the equity interest acquired in the Initial Acquisition and the Former Acquisition, the Purchaser will hold in aggregate 51% of the equity interest in the Target Company upon completion of the Acquisition. The Acquisition will result in controlling over the Target Company by our Group and in consolidation of the assets of the Target Company in the financial statements of the Company.

Upon completion of the Acquisition, the Board agreed that the Purchaser and LAC simultaneously inject capital in Minera Exar in accordance with the proportion of the equity interest they held, among which, the amount of capital injection of the Purchaser shall not exceed US$200 million (the "**Capital Injection**") to ensure the smooth construction and operation of Cauchari-Olaroz project of Minera Exar.

As both the Former Acquisition and the Acquisition involve the acquisition of equity interest in the Target Company by the Purchaser within a 12-month period, they are aggregated pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio upon aggregation is more than 5% but less than 25%, the acquisitions and the transactions contemplated thereunder constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and are subject to the announcement requirement thereunder.

As the Target Company is a related party and the Acquisition is a related party transaction under The Shenzhen Stock Exchange Listing Rules (深圳證券交易所股票上市規則) and The Guidelines for the Standardized Operation for SME Board of the Shenzhen Stock Exchange (深圳證券交易所中小企業板規範運作指引), the Acquisition is subject to the approval of the Shareholders in a Shareholders' meeting. A Shareholder's meeting circular will be sent to all Shareholders in due course.

I. THE INITIAL ACQUISITION AND THE FORMER ACQUISITION

On August 13, 2018, the Group entered into an acquisition agreement with LAC and Sociedad Química y Minera de Chile S.A.("**SQM**") regarding the acquisition of direct equity interests in the Cauchari-Olaroz project from SQM for an initial consideration of US$87.5 million due at closing and additional payment of US$50 million upon the Cauchari-Olaroz project meeting certain sales milestones (the "**Initial Acquisition**"). Upon the completion of the Initial Acquisition, the Company held 37.5% of the equity interest in Minera Exar S.A. ("**Minera Exar**") through the Purchaser. Further details about the Initial Acquisition is set out in the prospectus of the Company dated September 27, 2018.

On April 1, 2019, the Group has entered into a transaction agreement with Minera Exar and LAC, pursuant to which, the Purchaser subscribed for 141,016,944 new shares from Minera Exar in aggregate consideration of US$160 million (the "**Former Acquisition**"). Upon the completion of the Former Acquisition, the Company holds 50% equity interest in Minera Exar through the Purchaser. Further details on the Former Acquisition is set out in the Announcement on Discloseable Transaction of the Company dated April 1, 2019.

II. THE ACQUISITION AND THE CAPITAL INJECTION

1. Introduction

The Board announces that on February 7, 2020 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Transaction Agreement with the Target Company and LAC, pursuant to which, the Purchaser shall subscribe for 14,389,484 new shares from the Target Company for a total consideration of US$16,326,531 (the "**Acquisition**"). Together with the equity interest acquired in the Initial Acquisition and the Former Acquisition, the Purchaser will hold in aggregate 51% of the equity interest in the Target Company upon completion of the Acquisition. The Acquisition will result in consolidation of the assets of the Target Company in the financial statements of the Company.

Upon completion of the Acquisition, the Board agreed that the Purchaser and LAC inject capital in Minera Exar simultaneously in accordance with the proportion of the equity interest they held (the "**Capital Injection**"), among which, the amount of capital injection of the Purchaser will not exceed US$200 million to ensure the smooth construction and operation of Cauchari-Olaroz project of Minera Exar.

2. The Agreement

The salient terms of the Transaction Agreement of the Acquisition are as follows:

i. Date

February 7, 2020 (after trading hours)

ii. Parties

Purchaser	Ganfeng Lithium Netherlands Co., B.V. (Netherlands Ganfeng), a corporation organized under the laws of the Netherlands, a wholly-owned subsidiary of the Company
Target Company	Minera Exar, a joint venture company incorporated in Argentina that holds 100% interest in the Cauchari-Olaroz project
LAC	Lithium Americas Corp., a company incorporated in Canada, that holds 50% equity interest in the Target Company, LAC is held as to 16.8% by GFL International

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, each of the Target Company and LAC and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

iii. Subject matter

Pursuant to the Transaction Agreement, the Target Company has conditionally agreed to issue and allot and the Purchaser (as subscriber) conditionally agreed to subscribe for 14,389,484 shares in the Target Company for a consideration of US$16,326,531 (equivalent to approximately HK$126,801,636).

iv. Consideration and basis of consideration

The total Consideration of the Transaction Agreement shall be US$16,326,531 (tax inclusive) (equivalent to approximately HK$126,801,636), with unit price of US$1.1346 (equivalent to approximately HK$8.8120 per target share). The Consideration was arrived at after arm's length negotiations between the Target Company and the Purchaser with reference and in proportion to the valuation of the Target Company and recent precedent transactions. The Company also hired independent valuation advisor to advise the Company on due diligence and valuation.

v. Payment terms

The total consideration of US$16,326,531 (equivalent to approximately HK$126,801,636) under the Transaction Agreement is payable by the Purchaser to the Target Company upon closing ("**Closing Date**").

vi. Conditions

Payment of the Consideration pursuant to the Transaction Agreement shall be subject to and conditional upon the satisfaction in full of the following conditions:

a) all terms of the Transaction Agreement being effective;

b) the Company's Shareholders' approval being acquired;

c) the Board of Directors of LAC's approval being acquired;

d) all necessary consents being acquired; and

e) all necessary regulatory approvals being acquired.

vii. Completion

The completion of the Acquisition shall take place on the date when all the conditions precedent contained in the Transaction Agreement are either satisfied or waived. The Parties will use all commercially reasonable efforts to complete the Acquisition as soon as reasonably practicable.

Upon completion of the Acquisition, the Purchaser will hold in aggregate 51%, whereas LAC will remain interested in 49% of the equity interest in the Target Company.

3. Reasons For And Benefits Of Entering Into The Transaction Agreement

The Target Company is a joint venture company incorporated in Argentina that holds 100% interest in the Cauchari-Olaroz project, one of the largest lithium brine resources globally with a total Measured and Indicated resource of 19,852,700 tonnes of lithium carbonate equivalent. It is expected, that once in production (targeting 40,000 tpa of lithium carbonate production capacity per year), the Cauchari-Olaroz project will be among the lowest cost producers of lithium carbonate. Upon completion of the Acquisition, the Purchaser will increase its equity interest in the Target Company from 50% to 51%. The increased project interest is expected to provide the Purchaser with a significant economic return and will result in the majority seats of the Management Committee and the Board of the Minera Exar company, leading the Group to control the Target Company and the assets of the Target Company will be consolidated into the Company's financial statements.

The Directors are of the view that the terms of the Transaction Agreement are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole after taking into account the reasons and benefits as stated above.

4. Information About The Company And The Parties To The Transaction Agreement

The Company

The Company is principally engaged in the production of lithium hydroxide, lithium carbonate, lithium fluoride and butyl lithium; and the production, processing and sales of non-ferrous metals, batteries, instrumentation components, machinery and equipment, chemical products, chemical raw materials and chemical products.

The Purchaser

Netherlands Ganfeng, a corporation organized under the laws of the Netherlands, and a wholly-owned subsidiary of the Company. Netherlands Ganfeng's principal business objectives are to finance for, participate in, to manage and to supervise other enterprises.

The Target Company

The Target Company is a joint venture company incorporated in Argentina, owned by LAC and Ganfeng Lithium, that holds 100% interest in the Cauchari-Olaroz lithium brine project. The Target Company's principal business activity is the development of the Cauchari-Olaroz project, including the extraction and production of lithium products.

Set out below is the financial information of the Target Company:

US$'000	**As at/for the year ended December 31, 2018** *(Audited)*	**January-June, 2019/As at June 30, 2019** *(Audited)*
Total Assets	132,696	243,112
Net Assets	27,434	27,157
Revenue	–	–
Profit (loss) before taxation	-647	-277
Profit (loss) after taxation	-647	-277

Set out below is the Mineral Resource Estimate information of the Cauchari-Olaroz project which is owned as to 100% by the Target Company:

	Lithium Mineral Resource Summary		
Description	**Average Lithium Concentration** *(mg/L)*	**Lithium** *(tonnes)*	**LCE** *(tonnes)*
Measured Resource	591	667,800	3,554,700
Indicated Resource	592	3,061,900	16,298,000
Measured+Indicated	592	3,729,700	19,852,700
Inferred	592	887,300	4,722,700

LAC

LAC is a Canadian based resource company focused on advancing two significant lithium projects, the Cauchari-Olaroz project, located in Jujuy province of Argentina, and the Thacker Pass project (formerly Stage 1 of the Kings Valley project), located in north-western Nevada, USA, and on the manufacturing and sales of organoclay products.

5. Implications under the Listing Rules

As both the Initial Acquisition and the Acquisition involve the acquisition of equity interest in the Target Company by the Purchaser within a 12-month period, they are aggregated pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio upon aggregation is more than 5% but less than 25%, the acquisitions and the transactions contemplated thereunder constitute a disclosable transaction of the Company pursuant to Chapter 14 of the Listing Rules and are subject to the announcement requirement thereunder.

6. Shareholders' Approval

As the Target Company is a related party and the Acquisition is a related party transaction under the Shenzhen Stock Exchange Listing Rules(《深圳證券交易所股票上市規則》) and The Guidelines for the Standardized Operation for SME Board of the Shenzhen Stock Exchange(《深圳證券交易所中小企業板規範運作指引》), the Acquisition is subject to the approval of the Shareholders in a Shareholders' meeting. A Shareholder's meeting circular will be sent to all Shareholders in due course.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"Board"	the board of Directors of the Company
"Company"	Ganfeng Lithium Co., Ltd.(江西贛鋒鋰業股份有限公司), a joint stock company established in the PRC on March 2, 2000 and converted from our predecessor Jiangxi Ganfeng Lithium Company Limited(江西贛鋒鋰業有限公司, formerly known as Xinyu Ganfeng Lithium Company Limited(新余贛鋒鋰業有限公司) into a joint stock company with limited liability under the PRC Company Law on December 18, 2007, the A shares of which have been listed on the Shenzhen Stock Exchange since August 10, 2010 (Stock Code:002460), and except where the context otherwise requires includes its predecessors and subsidiaries
"Directors"	the directors of the Company
"GFL International"	GFL International Co., Limited, a private company limited by shares incorporated in Hong Kong on March 29, 2011 and a wholly-owned subsidiary of our Company

"Group"	our Company and our subsidiaries
"HK$"	the Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Initial Acquisition"	the acquisition of direct equity interest in the Cauchari-Olaroz project from SQM for an initial consideration of US$87.5 million due at closing and additional payment of US$50 million upon the Cauchari-Olaroz project meeting certain sales milestones
"Former Acquisition"	to subscribe for 141,016,944 new shares from Minera Exar in an aggregate consideration of US$160 million
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Shareholder(s)"	shareholders of the Company
"Purchaser"	has the meaning as set out in the paragraph entitled "Parties" in this announcement, a corporation organized under the laws of the Netherlands and is a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"Target Company"	has the meaning as set out in the paragraph entitled "Parties" in this announcement, a joint venture company incorporated in Argentina that holds 100% interest in the Cauchari-Olaroz project
"Transaction Agreement"	the agreement dated February 7, 2020 entered into by the Purchaser with the Target Company
"US$"	United States dollars, the lawful currency of the United States

For the purposes of this announcement and illustration only, conversions of US$ into HK$ are based on an exchange rate of US$1.00 = HK$7.7666. No representation is made that any amount in US$ or HK$ could have been or could be converted at the above rate or at any other rates.

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

Jiangxi, PRC
February 7, 2020

As at the date of this announcement, the Board comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Mr. SHEN Haibo, Ms. DENG Zhaonan and Mr. XU Xiaoxiong as executive directors of the Company; Mr. HUANG Daifang as non-executive director of the Company; and Mr. HUANG Huasheng, Mr. LIU Jun and Ms. WONG Sze Wing as independent non-executive directors of the Company.