NEO Battery Materials Receives Final Site Approval for Land Use of 106,700 Square Feet for NBMSiDE Commercial Plant Facility by Gyeonggi-do, the Largest Economic Province in South Korea

written by Raj Shah | January 26, 2022

January 26, 2022 (Source) – NEO Battery Materials Ltd. (**TSXV: NBM**) (**OTCQB: NBMFF**) ("**NEO**" or the "**Company**") is extremely pleased to announce that the Company has successfully received the final site approval by the Province of Gyeonggi ("**Gyeonggi-do**" or the "**Province**") to construct the commercial plant facility of NEO's patented silicon anode materials, NBMSiDE, for electric vehicle lithium-ion batteries.

Through NEO Battery Materials Korea Co., Ltd. ("**NBM Korea**"), a wholly-owned subsidiary of NEO, the Company secured land with approximately an area of 106,700 square feet, or 2.5 acres, for the initial phase of the NBMSiDE Commercial Plant Facility.

NEO initiated the site search in August of 2021 after the announcement of a strategic decision made to construct its silicon anode commercial plant in South Korea. After intensive research, communication, and negotiations with 2 provincial authorities, NEO had decided to apply to Gyeonggi-do. NBM Korea has qualified an extensive and strict due-diligence process by the Province's authorities and the Foreign Investment Review

Board based on NEO's commercialization timeline, viability and economic impact of the business with regards to the current battery materials industry and its downstream products, and various background reviews and stress tests.

NEO's benefited land is situated in an industrial complex known as Oseong International (Foreign) Investment Zone ("**Oseong Zone**") in Pyeongtaek City, in which the land is designated solely for the use of foreign investment companies qualified by the Province of Gyeonggi. As a qualified company, NEO is entitled to several benefits and subsidies that will translate into both drastic cost savings in the short- and long-term for the anode material plant facility. The benefits include a 99% reduction of annual lease payments (or a payment of 1% of the officially assessed land value) with a long-term-based lease contract, and further to it, the annual lease payment can be immediately minimized to zero after the completion of the plant construction and fulfillment of requirements by the Province. The maximum lease period for the land is 50 years.

The Company may also access various tax incentives and active collaboration activities with the Province to promote NEO's business in South Korea and overseas. Corporation tax, income tax, land transfer tax, and customs taxes may be fully exempted for 5 years and may be reduced by 50% for an additional two years. NEO could also access provincial financial support for equipment purchases, employment subsidies, and education/training subsidies.

Mr. Spencer Huh, President and CEO of NEO, said, "We are more than happy about the site approval. Our NEO and NBM Korea team have been eager and diligent to receive approval from the Province of Gyeonggi for the past 3 months as this site in the Foreign Investment Zone was the only remaining land apportioned for companies operating in the battery materials industry.

Despite our status as a micro-small capitalization foreign company compared to existing sizeable businesses in the Oseong Zone, NEO was approved by Gyeonggi Province and the Foreign Investment Review Board. For the past 2 months, during the review and due-diligence process from the Province, we had actively held dialogue with the Province's officials and representatives to respond and fulfill any requests for further investigation."

"We strongly believe that the Province highly appreciated and held confidence in our clear roadmap of NEO's silicon anode, NBMSiDE, commercialization plan along with our proprietary technology and our high managerial capacity accustomed to the lithium-ion battery industry. We greatly thank Gyeonggi-do for returning a decision for approval much faster than our expectation, and we also thank our NEO team and our valued shareholders for the committed trust and patience," added Mr. Huh.

Gyeonggi Province's Oseong International Investment Zone is a complex-type industrial park that captures 3.9 million square feet of land and houses foreign-invested companies such as Korea Superfreeze Inc. – a logistics business that retains a facility for COVID vaccine, import, and hydrogen fuel cell distribution. The Oseong Zone possesses exceptional infrastructure with geographic and supply chain advantages, being in proximity with large battery cell and automotive manufacturers. The Province's officials have emphasized for the Oseong Zone to become a center for green growth, attracting companies with transformative and cutting-edge green technologies to be a part of the ecosystem.

Mr. S. R. Hwang, Chief Operating Officer of NEO, commented, "This site approval acts as a significant turning point and milestone for NEO to expedite our commercialization process for 2022 and beyond. This land holds sufficient area to accommodate

the production capacity of 1,000 metric tonnes per year with future expansion. As silicon anode materials have been garnering a greater amount of attention from all points and players in the lithium-ion battery value chain for electric vehicle applications, the synergistic relationship between NEO's performance advantages and low-cost manufacturing process is of particular interest to the counterparties. With current developments to commercial-scale manufacturing, we are on track and are confident to increase the silicon loading in the anode material for boosting the energy density and lifespan of state-of-the-art lithium-ion batteries."

Mr. Huh finally remarked, "NEO and NBM Korea will proceed with a long-term lease contract with Gyeonggi-do immediately and move forward to the next process of constructing the commercial plant facility as already announced. NEO will update additional corporate and construction development activities shortly."

About the Province of Gyeonggi

The Province of Gyeonggi, or Gyeonggi-do, is the most populous (13.4 M) and houses the largest provincial government in Korea. The province surrounds Seoul, the capital of South Korea. Gyeonggi-do is also known as the hub of industries and as the regional economy in Korea with the #1 international trade volume of USD 141.8B in 2019 among all the provinces. Gyeonggi-do is home to world-renowned companies such as Samsung, Hyundai, LG, Kia, SK Hynix, and multi-national global companies such as 3M, Bosch, and Siemens. The province, especially, is a main cluster of the battery supply chain in Korea including the home of Samsung SDI, which takes the position as one of the global top 5 battery makers.

About NEO Battery Materials Ltd.

NEO Battery Materials Ltd. is a Vancouver-based company focused

on battery metals and materials. NEO has a focus on producing silicon anode materials through its proprietary single-step nanocoating process, which provides improvements in capacity and efficiency over lithium-ion batteries using graphite in their anode materials. The Company intends to become a silicon anode active materials supplier to the electric vehicle industry. For more information, please visit the Company's website at: https://www.neobatterymaterials.com/.

On behalf of the Board of Directors

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