Neo Lithium Engages Engineering Company to Complete Definitive Feasibility Study for the 3Q Project

written by Raj Shah | January 11, 2021

January 11, 2021 (Source) – Neo Lithium Corp. ("**Neo Lithium**" or the "Company") (TSXV: NLC) (OTCQX: NTTHF) (FSE:NE2) and its Argentinean subsidiary LIEX SA, is pleased to announce that it has engaged Worley Chile and Worley Argentina, respectively, to complete a Definitive Feasibility Study ("**DFS**") of its flagship 3Q Project in Catamarca, Argentina. Worley Argentina and Worley Chile are subsidiaries of Worley Limited ("Worley") (ASX: WOR).

Neo Lithium has engaged Worley to complete a comprehensive DFS on its flagship, high-grade lithium brine project, 3Q, in Catamarca, Argentina. The development strategy focuses on production of 20,000 tonnes per year of lithium carbonate with the flexibility to expand production to 40,000 tonnes per year after phase one is completed and operational. The DFS is scheduled for completion in Q3 2021.

"On the back of CATL's investment and involvement, we are very pleased to have engaged and be working with Worley who bring a wealth of lithium knowledge and experience to our 3Q Project. Worley is a leading global engineering firm and has been involved in all aspects of lithium brine operations which will be invaluable in executing our DFS," said Gabriel Pindar, COO of Neo Lithium Corp. "We have a very busy and exciting year ahead of us and look forward to reporting further positive

developments to all of our stakeholders."

Results of the last pre-feasibility study ("PFS") performed by GHD Chile SA ("GHD") and Groundwater Insight Inc. were filed on May 8, 2019 for a project with 20,000 tonnes of lithium carbonate production annually with an after-tax Net Present Value (8% discount rate) of US$1.143 billion, Internal Rate of Return of 49.9%, Capital Expenditures of US$318.9 million, Operating Expenses of US$2,912 per tonne of lithium carbonate, and a pay-back of twenty months using a lithium carbonate price of US$11,882 per tonne over a thirty-five year mine life. The studies carried out by the Company in its evaporation pilot plant at the salar site and the lithium carbonate pilot plant in the town of Fiambalá confirm that the general parameters defined in the PFS will be validated in the DFS.

The last Reserve Estimation issued on our PFS is summarized below:

Year	*Brine Volume (Mm^3) ****	*Average Li concentration (mg/l) ****	*Li metal (tonnes)*		*Lithium Carbonate*		*Resources* (%)*
			Proven	*Probable*	*Proven*	*Probable*	
1	*3.3*	*1,177*	*1,113*	*2,542*	*5,923*	*13,526*	*0.5%*
2-10	*73*	*1,000*	*21,549*	*44,038*	*114,642*	*234,282*	*9%*
11-20	*101*	*841*	*20,211*	*53,472*	*107,524*	*284,472*	*10%*
21-35	*183*	*670*	*18,694*	*81,513*	*99,453*	*433,651*	*13%*
*Total 35 years production***	*360*	*790*	*61,600*	*182,000*	*328,000*	*966,000*	*32 %*

Total M&I resources 4,005,000 tonnes of lithium carbonate @ 400 mg/l cut-off / ** Rounded / * These two include some incidental capture from the inferred resource, which is excluded from the reserve estimate.*

This reserve will be updated because two new wells yielding 160 meters with 1,128 mg/l Lithium (PB1-R-24) and 178 meters 1,117 mg/l Lithium (PB1-R-25) were reported in June 2019, after the

PFS was issued. The wells are outside the previously considered ore body and therefore it is expected to have a positive effect in the previously estimated resource and reserve.

The decision to complete a DFS has been made in collaboration with Contemporary Amperex Technology Co. Ltd. ("**CATL**"), the Company's 8% shareholder, who will also participate in all technical decisions. Neo Lithium has been operating pilot evaporation ponds for more than three years, while the pilot lithium carbonate plant has been in operation for nearly two years. This has resulted in a meaningful ramp up in knowledge while improving the process all the way through to validate the PFS and take the project more efficiently into DFS with a view towards future construction. As a result of our efforts to maintain steady operations at pilot scale level, we continue to produce our own lithium brine concentrate and lithium carbonate on a regular basis, and believe that we are on track towards our goal of being in production by the later stages of 2023.

The COVID-19 situation in Argentina has been improving the last weeks with the arrival of warmer weather but a second wave of COVID-19 could affect the abovementioned timeline. The Company has taken all the required measures to minimise any impact to the project and look after its people.

Market Conditions

Due to resurgence of lithium iron-phosphate (LFP) batteries and other battery technologies that are able to use lithium carbonate in their cathode, lithium carbonate prices have materially recovered over the past months. This upward trend is expected to continue during 2021 and beyond. Spot supply of lithium carbonate battery grade material is very tight since most capacity has already been allocated on long term contracts and demand has continued to outpace production of lithium carbonate battery grade.

The Company believes that this upward trend in pricing will bode well in its long-term price expectations for its pricing assumptions on its DFS and more importantly in its continuous financing strategy negotiations.

About Neo Lithium Corp.

Neo Lithium Corp. has quickly become a prominent new name in lithium brine development by virtue of its high quality 3Q Project and experienced team. Neo Lithium is rapidly advancing its 100% owned 3Q Project – a unique high-grade lithium brine lake and salar complex in Latin America's "Lithium Triangle".

The 3Q Project is located in the Catamarca Province, the largest lithium producing area in Argentina covering approximately 35,000 ha including a salar complex of approximately 16,000 ha.

Additional information regarding Neo Lithium Corp. is available on SEDAR at www.sedar.com under the Company's profile and at its website at www.neolithium.ca, including various pictures of ongoing work at the project.

About Worley

Worley is a global company headquartered in Australia and our purpose is delivering a more sustainable world. Worley is a leading global provider of professional project and asset services in the energy, chemicals and resources sectors. As a knowledge-based service provider, we use our knowledge and capabilities to support our customers to reduce their emissions and move towards a low carbon future. Worley Limited is listed on the Australian Securities Exchange (ASX: WOR).

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related to metal price fluctuations, the market for lithium products, competition for experienced directors in the junior mineral exploration and development sector, and other risks and uncertainties related to the Company's prospects, properties and business detailed elsewhere in the Company's disclosure record. Although the Company believes its expectations are based upon reasonable assumptions and has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and undue reliance should not be placed on forward-looking statements.

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