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TIANQI LITHIUM

Tianqi Lithium Corporation

天齊鋰業股份有限公司

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

(Stock Code: 9696)

INSIDE INFORMATION ANNOUNCEMENT CEASING INVESTMENT AND CONSTRUCTION OF THE TRAIN II BATTERY-GRADE LITHIUM HYDROXIDE MONOHYDRATE PROJECT WITH AN ANNUAL CAPACITY OF 24,000 TONS

This announcement is made by Tianqi Lithium Corporation (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 23 January 2025, the Company held the twentieth meeting of its sixth session of the board of directors (the “**Board**”), during which the “Proposal regarding Ceasing Investment and Construction of the Train II Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons” was reviewed and approved.

Background of the Train II Battery-Grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons

On 19 June 2017, the Company convened the sixth meeting of its fourth session of the Board, during which the “Proposal regarding the Launch of Feasibility Study and Preliminary Investment for the Train II Battery-Grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons” was reviewed and approved. This marked the official launch of the feasibility analysis for the Train II Battery-grade Lithium Hydroxide Project with an Annual Capacity of 24,000 Tons (the “**Lithium Hydroxide Project Train II**” or the “**Project**”), with plans to utilize self-raised funds for the preliminary investment. On 26 October 2017, the “Proposal regarding the Construction of the Train II Battery-Grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons” was considered and approved at the tenth meeting of its fourth session of the Board. The total estimated investment for the Project was AUD328 million (equivalent to approximately RMB1.709 billion based on the CNY central parity rate authorized and published by the China Foreign Exchange Trade System on 29 September 2017), with a construction period of 26 months.

In early 2020, considering its financial position, the Company decided to adjust the commissioning schedule and project objectives for the Train I Battery-Grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons (the “**Lithium Hydroxide Project Train I**”) to slow down its progress. Meanwhile, due to its strong correlation with Lithium Hydroxide Project Train I, along with market fluctuations and the Company’s liquidity conditions, the construction of the Lithium Hydroxide Project Train II was temporarily deferred. As of 31 December 2019, the cumulative investment in the Project amounted to approximately RMB1.256 billion.

In September 2023, the board of directors of Tianqi Lithium Energy Australia Pty Ltd (“**TLEA**”), a controlling subsidiary of the Company, reviewed and approved the front-end engineering design contract for the Lithium Hydroxide Project Train II. In November 2023, Tianqi Lithium Kwinana Pty Ltd, TLEA’s wholly-owned subsidiary, formally signed the front-end engineering design contract with the contractor to conduct a comprehensive analysis of the Project’s economic feasibility and investment and construction timeline. Meanwhile, to adapt to various factors such as market conditions, the Company’s management thoroughly reassessed the progress and capital investment plans for this Project, taking into account the Company’s operation and development plans. For further details, please refer to the “Management Discussion and Analysis” section of the Company’s 2024 Interim Report dated 24 September 2024. As of 31 December 2024, the cumulative investment in the Lithium Hydroxide Project Train II totaled approximately USD197 million (equivalent to approximately RMB1.412 billion based on the CNY central parity rate authorized and published by the China Foreign Exchange Trade System on 31 December 2024).

Latest Project Progress

On 23 January 2025, the Company convened the twentieth meeting of its sixth session of the Board, during which the “Proposal regarding Ceasing the Investment and Construction of the Train II Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons” was unanimously approved. Based on the market environment and the latest economic feasibility analysis of the Project, the Company has decided to cease the investment and construction of the Lithium Hydroxide Project Train II.

Reason for Ceasing the Project

Since the approval of the investment and construction of the Lithium Hydroxide Project Train II, the Company has prudently advanced the construction of Lithium Hydroxide Project Train II and flexibly adapted the construction schedule in consideration of market conditions, financial position, and other relevant factors. Currently, in light of the product market conditions, operational performance of Lithium Hydroxide Project Train I, the Company’s business development plans, and a comprehensive review of the preliminary investment, estimated future capital expenditure, future operating costs, project execution progress and estimated future net cash flows of the Lithium Hydroxide Project Train II, the Company has determined that continuing with the construction of Lithium Hydroxide Project Train II is not economically viable. To avoid further unnecessary use of resources and minimize potential financial losses, while safeguarding the interests of the Company and its shareholders, based on the principle of prudence, the Company has decided to cease the Lithium Hydroxide Project Train II.

Impact of Ceasing the Project on the Company

Ceasing this Project is a prudent decision made by the Company in response to market dynamics and to optimize investment and operations. It plays a positive role in reducing investment risks, improving operational efficiency, and enhancing the Company's overall competitiveness. With years of expertise in lithium chemical product processing, the Company currently operates four lithium production bases in China, located in Shehong (Sichuan), Anju (Sichuan), Zhangjiagang (Jiangsu), and Tongliang (Chongqing), alongside the Kwinana Lithium Hydroxide Project Train I, which is still in its capacity ramp-up process. Furthermore, the Company is constructing a battery-grade lithium hydroxide project with an annual capacity of 30,000 tons at its Zhangjiagang (Jiangsu) production base, which can be flexibly adjusted to produce lithium carbonate products. To fully leverage the spodumene concentrate production capacity advantage of its controlling subsidiaries, the Company has also continued to consolidate its market share and customer base through outsourced processing in recent years. As a result, ceasing the Lithium Hydroxide Project Train II will not have a material adverse impact on the Company's existing operations and business development. Looking ahead, the Company will continue the established business model of "vertical integration", leveraging solid resource security from high-quality resource bases. The Company will choose the appropriate time and location to steadily implement and orderly advance the capacity expansion plan on basic lithium chemical products in light of the market condition to further exploit synergies within the industry chain.

As of 31 December 2024, the cumulative preliminary investment in the Lithium Hydroxide Project Train II has amounted to approximately RMB1.412 billion, representing approximately 2.74% of the Company's audited net assets for the previous year. Ceasing this Project is expected to reduce the Company's net profit attributable to shareholders of the Company for 2024 by approximately RMB501 million, accounting for 6.86% of the net profit of the latest accounting year. The impact on the Company's financial position and operating results for 2024 is based on preliminary estimates and has not been audited by any audit institution; for specific financials, please refer to the financials disclosed in the 2024 annual report to be published by the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing with the shares of the Company.

By order of the Board
Tianqi Lithium Corporation
Jiang Anqi
Chairlady of the Board and Executive Director

Hong Kong, 23 January 2025

As at the date of this announcement, the Board comprises Ms. Jiang Anqi, Mr. Jiang Weiping, Mr. Ha, Frank Chun Shing and Mr. Zou Jun, as executive directors, and Mr. Xiang Chuan, Ms. Tang Guoqiong, Ms. Huang Wei and Ms. Wu Changhua as independent non-executive directors.