Neo Lithium Announces Completion and Shipment of Pilot Plant to Argentina and Starts Drilling Campaign in the High-Grade Zone of the 3Q Project

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- *Lithium carbonate pilot plant has been delivered to the site*
- *High grade zone drilling started*
- *Pre Feasibility Study on schedule to be completed in Q1 2019*
- *Strategic partnership discussions with multiple interested parties advance*

TORONTO, Jan. 14, 2019 - Neo Lithium Corp. (“Neo Lithium” or the “Company”) (TSXV: NLC; OTCQX: NTTHF; FSE: NE2) is pleased to announce that it has successfully completed and tested the pilot plant (the “Plant”) built by the Instituto de Investigaciones Tecnologicas from Universidad de Concepcion, Chile and has shipped the Plant to the warehouse in Fiambala, Catamarca, Argentina. The Company estimates that it will take 45 days for the Plant to be shipped, clear customs, and be reassembled and operational. The Plant was tested with artificial brine in Chile and the Company now is concentrating approximately 4% lithium brine in its pilot evaporation ponds to start production of lithium carbonate at the Plant. Currently the annual capacity of the pilot ponds is over 500 tons of approximate 4% lithium brine per year.

“I am pleased with the progress made and our ability to ship and commission the Plant during the first quarter which puts us on track with our objectives,” said Gabriel Pindar, Director and COO of Neo Lithium. “Management hopes the proposed prefeasibility study will support that the plant can produce battery grade lithium at one of the most competitive cash cost of the market.”

2019 Drilling Campaign

The Company is also pleased to announce that it has started drilling the northern high-grade zone. The first well is projected to be 300 m deep. As previously reported and filed in the Company’s 43-101 technical report dated September 4, 2018, this zone contains 746,000 tonnes of lithium carbonate in the measured and indicated resource categories at a grade of 1,007 mg/l lithium plus 186,000 tonnes of lithium carbonate in the inferred resource category at a grade of 1,240 mg/L lithium. This high-grade zone constitutes only 14% of the current resource, however it has been drilled only to 100 m in depth and contains the highest grade of the entire project. The current drilling program anticipates the depth of investigation to be at least 3 times in orders of magnitude. The Company believes that the high-grade zone extends deeper, since in the rest of the basin and the brine continues all the way to 600 m. After drilling, the well will be converted into a production well with a large diameter (12 inches) and metal screen.

“Testing the deeper portion of the northern high-grade zone proved difficult last season because the sediments consist of coarse gravel and sand,” said Dr. Waldo Perez, President and CEO of Neo Lithium Corp. “For this year’s drilling campaign, we are using a new rig with superior capabilities and technology, and we are confident we will test the deeper portion of the basin under the high-grade zone this time. Increasing the resource in the high-grade zone would have a significant impact in the pond requirement and therefore may have a positive effect on the capex on the project.”

Pre-Feasibility Study and Reserve Estimation

The Company announced on November 21, 2018, that GHD, a well-recognized International engineering firm with expertise in lithium brines, has been contracted to complete a pre-feasibility study (“PFS”). Groundwater Insight Inc. Canada is working with The Large Plains Hydrology Institute

(IHLLA) from the University of Buenos Aires, Argentina on the hydrogeological model that will be used in the reserve estimation to be issued with the PFS. This initiative is being carried out as planned and on schedule to be released in March 2019.

Strong Balance Sheet

The Company’s balance sheet remains strong with no debt and approximately C$43 million of cash to fund the ongoing work at the 3Q Project.

Environmental Impact Assessment update

The environmental impact assessment report (“EIA”) is almost completed and will be submitted to the regulatory authorities in February 2019. The Company expects approval to be granted in the first half of 2019 given the authorities have been kept up-to-date on progress at the 3Q Project. Approval of the EIA is the final approval required to permit construction of a commercial scale mine.

Discussions with Potential Strategic Partners

The Company continues to be in discussions with several potential strategic partners which are currently being considered. Negotiations continue to progress, and the board of directors has resolved to formally extend the process to include the PFS work that is being completed to demonstrate the value of the 3Q project.

Grant of Options

Neo Lithium has granted 250,000 common share purchase options at an exercise price of $0.68 per share for a term of 5 years, to Mr. Estanislao Auriemma, the new board member appointed during Q4 2018.

About Neo Lithium Corp.

Neo Lithium Corp. has quickly become a prominent new name in lithium brine exploration by virtue of its high quality 3Q Project and experienced team. Already well capitalized, Neo Lithium is rapidly advancing its newly discovered 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 Province of Catamarca, the largest lithium producing area in Argentina. The project covers approximately 35,000 ha and the salar complex within this area is approximately 160 km2. Surface exploration results indicate a high-grade lithium target in the northern portion of the salar complex extending for approximately 20 km by 5 km with low magnesium and sulphate impurities. Low impurities are a key factor in traditional low-cost evaporation techniques for final lithium carbonate production. Hot springs on the property with elevated lithium content are part of the recharge system of the salar complex.

The technical team that discovered this unique salar complex is one of the most experienced in lithium salars, having discovered and led the technical work, including resource definition and full feasibility study, that established the Cauchari lithium salar as one of the largest lithium brine resources in the world.

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.

Waldo A. Perez, Ph.D. and P.Geo., and a qualified person for the purposes of NI 43-101, supervised the preparation of and approved the contents of this news release.

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Cautionary Note Regarding Forward Looking Statements - Certain information set forth in this news release may contain forward-looking statements. Such statements include but are not limited to, statements as to lithium brine grades at depth being consistent with prior results, the potential for resource expansion at depth, the potential of the northern salar sediments, and deeper sediments, for hosting brine, the ability to proceed to pre-feasibility study quickly, proceeding with continued work for additional economic studies, the potential for production expansion in the Company’s assessment of the economic potential of the 3Q Project, that pilot plant test results are indicative of future results, and that discussions and negotiations with strategic partners will lead to a binding financing transaction. Generally, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “is expected”, “scheduled”, “estimates” “intends”, “anticipates”, “believes”, or variations of such words and phrases, or statements that certain actions, events or results “can”, “may”, “could”, “would”, ”should”, “might” or “will”, occur or be achieved, or the negative connotations thereof. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company, which could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. These risks include, without limitation, risks related to failure to obtain adequate financing on a timely basis and on acceptable terms, political and regulatory risks associated with mining and exploration activities, including environmental regulation, risks and uncertainties relating to the interpretation of drill and sample results, risks related to the uncertainty of cost and time estimation and the potential for unexpected delays, costs and expenses, risks 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.