

Caravel Capital Urges Alpha Lithium Corporation Shareholders Tender to Tecpetrol's "Best and Final" Offer

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Caravel Capital Urges Alpha Lithium Shareholders in an Open Letter.

NASSAU, Sept. 25, 2023 - Caravel Capital Investments Incorporated, a Bahamian investment firm, this morning published an open letter to all [Alpha Lithium Corp.](#) ("ALLI") shareholders outlining the reasons Shareholders should tender Tecpetrol's "Best and Final" offer of C\$1.48.

Caravel Capital states they have no agreements or understandings with Tecpetrol. Additionally, Caravel urges the ALLI directors to endorse Tecpetrol's revised offer, reminding them of their fiduciary obligation to protect the interests of all shareholders. Recent trading activity has demonstrated that ALLI shareholders stand to incur substantial losses if Tecpetrol's offer expires unsuccessfully.

The full text of the letter is included below and is also available on the company's website at <https://www.caravelinvest.com>.

Open Letter to [Alpha Lithium Corp.](#) Shareholders from Caravel Capital Investments Inc.

Dear Fellow Shareholders of [Alpha Lithium Corp.](#),

Caravel Capital is an investment fund that, collectively with its principals, owns over 4,500,000 common shares of [Alpha Lithium Corp.](#) ("ALLI"). We write to you regarding Tecpetrol's current offer to acquire ALLI for C\$1.48 per share in cash. We support Tecpetrol's revised C\$1.48 offer, as we believe it fairly values the company. We urge all shareholders of ALLI to support the revised C\$1.48 offer by tendering their shares before the October 3, 2023 deadline. We believe this is the only logical course of action that shareholders of ALLI will reach after reviewing the facts of the past nine months.

ALLI has been exploring strategic alternatives for its assets, specifically its Tolillar project in Argentina, since late 2022. In the spring of 2023, ALLI's board formed a fairness committee and hired Credit Suisse to assist in the process of soliciting potential buyers of ALLI's assets or for the entire company in an outright sale. Caravel has had numerous conversations with ALLI management, members of its board, and its financial advisors. We have also reviewed the disclosures made by ALLI since the initial hostile bid of C\$1.24 was announced in May of 2023.

Here are the subsequent facts as we know them:

- 1) Tecpetrol has raised its initial offer to C\$1.48 per share in cash. This transaction would remove future financing risks and avoid substantial future dilution related to advancing ALLI's assets into commercial production, given the funding gap of over \$100 million. Shareholders will be materially responsible for this cost.
- 2) ALLI and its advisors have been unable to find another buyer for ALLI's shares at superior terms than those offered by Tecpetrol despite having had nine months to do so. Despite earlier speculation of an asset sale for Tolillar at a C\$400 million price tag, the fact is that no such transaction has ever materialized. We believe an asset sale was primarily being pursued to try to defuse Canadian regulators, who would undoubtedly have scrutinized and likely blocked an outright corporate sale of ALLI to buyers in certain foreign jurisdictions, including China.
- 3) In the unlikely event that ALLI received a C\$400 million offer for Tolillar, the distribution of these proceeds would carry significant tax issues aside from Ottawa's close scrutiny. The proceeds of such an asset sale to taxable Canadian shareholders were not to be distributed, would largely be deemed a non-eligible dividend. Non-eligible dividends are taxed at 47%, not the capital gains tax rate.

of 26.5% that Tecpetrol's offer provides.

This would result in approximately C\$1.17 per share in after-tax proceeds to shareholders, assuming the fully diluted share outstanding of 212 million. Furthermore, we are skeptical that ALLI management would willingly distribute all or most of the proceeds from such a sale to shareholders, given their desire to continue advancing the company's Hombre Muerto project. We believe this would not be in shareholders' best interests.

Given ALLI management and its advisors' inability to produce a superior proposal over the last 180 days, as well as their "Best and Final" language used in their revised offer, Caravel Capital intends to support Tecpetrol's C\$1.48 offer to complete the sale to shareholders. We urge ALLI's shareholders and board of directors to support Tecpetrol's revised C\$1.48 per share offer.

Lastly, we encourage any concerned shareholders to contact us.

Sincerely,
Glen Gibbons, PM
Caravel Capital Investments Inc.
info@caravelinvest.com

About Caravel Capital Investments Inc.

Caravel Capital Investments Inc. is an event-driven market-neutral hedge fund based in Nassau, The Bahamas. Founded by Glen Gibbons and Jeff Banfield, the firm prioritizes capital preservation with a commitment to liquidity and transparency. After the agile exploration ships used during the age of discovery, the firm maintains strict limits, small positions, and a fund size to ensure quick responses to changing dynamics. The team uses innovative, leading-edge idea implementation to own the Fund's risk tails. The managers pursue systematic and non-systematic risk reduction through frequent review of risk/reward and high liquidity, thereby providing a genuinely market-neutral result, as evidenced by the returns.

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