NEO Battery Enters into LOI for Operational Battery Component Manufacturing Facility Lease and Announces Non-Brokered Private Placement Offering

22.09.2025 | GlobeNewswire

TORONTO, Sept. 22, 2025 - NEO Battery Materials Ltd. ("NEO" or the "Company") (TSXV: NBM) (OTC: NBMFF), a low-cost, silicon-enhanced battery developer that enables longer-running, rapid-charging batteries for drones, robotics, and electronics, is pleased to announce that it has entered into a Letter of Intent ("LOI") with a South Korean battery company to lease an operational, revenue-generating battery components manufacturing facility to initiate customized, high-performance battery production for the drone, unmanned aerial vehicle (UAV), robotics, electronics, automotive, and energy storage sectors. In connection, the Company intends to undertake a non-brokered private placement.

Operational Battery Component Facility Lease Arrangement

Under the terms of the LOI, NEO intends to enter into a long-term lease arrangement that will provide immediate access to established battery component production capabilities. The commercial facility has been operational and revenue-generating for the past two years, producing battery electrodes primarily for major automotive original equipment manufacturers (OEM) and global battery cell manufacturers. Electrodes or cathode/anode sheets are the fundamental battery components that enable the storage and release of energy, determining the overall battery energy density, charging rates, and cycle lifespan.

With the facility lease, NEO aims to produce electrodes for existing automotive and battery cell manufacturers and to adapt production to supply customized battery solutions for its drone, UAV, robotics, electronics, and energy storage clients and pipeline. The Company will further incorporate its proprietary silicon battery materials, NBMSiDE®, into the electrode production lines, establishing a manufacturing platform to fast-track the commercialization of high-performance, silicon-enhanced batteries.

Completion of the facility lease transaction is contingent upon the negotiation of the definitive lease agreement, the due diligence of the facility, equipment, and other relevant factors, and other customary closing conditions. With respect to the LOI, there are no material terms or considerations.

Non-Brokered Private Placement Offering

In connection with the electrode facility lease and the scale-up of silicon battery material production, the Company is pleased to undertake a non-brokered private placement (the "Offering") of up to approximately 7,843,138 units (each, a "Unit") at a price of $0.51 CAD per Unit for aggregate gross proceeds of up to approximately $4 million CAD.

Each Unit consists of one common share of the Company (each, a "Common Share") and one non-transferable Common Share purchase warrant (each, a "Warrant"). Each whole Warrant will be exercisable to acquire one Common Share of the Company at an exercise price of $0.80 CAD for a period of 36 months from the closing date of the Offering. The Company may compensate a cash commission of up to 6% of the gross proceeds raised from the sale of Units to subscribers directly introduced to the Company by eligible finders.

The net proceeds of the Offering are expected to be allocated towards (i) securing battery components and cell equipment and facilities to manufacture drone, unmanned aerial vehicle (UAV), and robotics batteries, (ii) purchases of scale-up equipment for silicon battery material development, and (iii) working capital and general corporate overhead.

The Units under the Offering are being offered to purchasers outside of Canada pursuant to an exemption from the prospectus requirement available under Section 2.3 of Ontario Securities Commission Rule 72-503 - *Distributions Outside Canada* ("OSC 72-503"), and accordingly, the securities issued pursuant to OSC 72-503 will not be subject to resale restrictions. The Offering is not a Related Party Transaction as defined by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") and therefore is not subject to TSXV Policy 5.9. The Offering is subject to final acceptance of the TSXV.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities law, or an exemption from such registration requirements is available.

About NEO Battery Materials Ltd.
NEO Battery Materials is a Canadian battery technology company focused on developing and producing silicon-enhanced lithium-ion batteries in drones, unmanned aerial vehicles (UAV), robotics, unmanned systems, electronics, electric vehicles, and energy storage systems for AI data centers. With a patent-protected, low-cost manufacturing process, NEO Battery enables longer-running and ultra-fast charging batteries and provides end-to-end battery solutions from materials selection, cell architecture, and process optimization. The Company aims to be a globally-leading producer of high-performance lithium-ion battery components and materials, building a secure, robust battery supply chain in North America. For more information, please visit the Company's website at: https://www.neobatterymaterials.com/.

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This news release includes certain forward-looking statements as well as management's objectives, strategies, beliefs and intentions. All information contained herein that is not clearly historical in nature may constitute forward-looking information. Generally, such forward-looking information can be identified notably by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: volatile stock prices; the general global markets and economic conditions; the possibility of write-downs and impairments; the risk associated with the research and development of battery-related technologies; the risk associated with the effectiveness and feasibility of technologies that have not yet been tested or proven on commercial scale; manufacturing process scale-up risks, including maintaining consistent material quality, production yields, and process reproducibility at a pilot or commercial scale; the risks associated with compatibility of existing battery chemistries; unforeseen risks associated with entering into and maintaining collaborations, joint ventures, or partnerships with battery cell manufacturers, original equipment manufacturers, and various companies in the global battery and downstream supply chain; the risks associated with the failure to develop and produce commercially viable products or that technical goals may not be achieved within expected timelines or budgets under a joint development or collaboration; the risk associated that purchase orders may not be fulfilled in full or on time, as actual revenue realization depends on delivery schedules, achievement of technical milestones, and customer acceptance testing; counterparty risk upon delivery of commercial products; the risks associated with the construction, completion, and financing of commercial facilities including the Windsor and South Korean facilities; the risks associated with supply chain disruptions or cost fluctuations in raw materials, processing chemicals, and additive prices, impacting production costs and commercial viability; the risks associated with uninsurable risks arising during the course of research, development and production; competition faced by the Company in securing experienced personnel and financing; access to adequate infrastructure and resources to support battery materials research and development activities; the risks associated with changes in the technology regulatory regime governing the Company; the risks associated with the timely execution of the Company's strategies and business plans; the risks associated with the lithium-ion battery industry's demand and adoption of the Company's silicon anode and battery technology; market adoption and integration challenges, including the difficulty of incorporating silicon anodes and silicon battery products within battery manufacturers and OEMs systems; the risks associated with the various environmental and political regulations the Company is subject to; risks related to regulatory and permitting delays; the reliance on key personnel; liquidity risks; the risk of litigation; risk management; and other risk factors as identified in the Company's recent Financial Statements and MD&A and in recent securities filings for the Company which are available on www.sedarplus.ca. Forward-looking information is based on assumptions management believes to be reasonable at the time such statements are made, including but not limited to, continued R&D and commercialization activities, no material adverse change in precursor prices, development and commercialization plans to proceed in accordance with plans and such plans to achieve their stated expected outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Such forward-looking information has been provided for the purpose of assisting investors in understanding the Company's business, operations, research and development, and commercialization plans and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date of this presentation, and the Company does not undertake to update such forward-looking information except in accordance with applicable securities laws.

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