NEO Battery Acquires Expansion Site to Scale Korea-Made Drone & Robotics Battery Cell Manufacturing

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- Acquired 3.2-acre expansion site for commercial-scale battery cell manufacturing for drones, robotics, and physic
- Strategically initiate with pouch-cell installations to service drone manufacturers and government/military seeking battery sourcing
- Planned production capacity of 500 MWh to supply 66,000 small ISR drones or 315,000 loitering munitions annua
- Aim to exclusively source battery inputs outside of PRC and FEOC for NDAA-compliance and defense procureme

NEO Battery Materials Ltd. ("NEO" or the "Company") (TSXV: NBM) (OTC: NBMFF), a low-cost, silicon-enhanced batt developer that enables longer-running, rapid-charging batteries for drones, robotics, and physical AI, is pleased to anno closing of the 3.2-acre expansion site for commercial-scale drone and robotics battery cell manufacturing and the scale silicon anode production (the "Expansion Facility") previously announced (see news release dated on October 9, 2025)

NEO's Expansion Facility will house commercial-scale cell assembly equipment required to mass-produce high-perforn customized battery solutions for drones and robotics. The Company will strategically initiate by installing pouch-cell[1] ca fulfill the demand for pouch-cells from drone manufacturers and governments seeking non-Chinese supply chains. Sub the originally planned cylindrical[2] and prismatic-cell[3] manufacturing lines will be established based on downstream nee internal operating priorities. Subject to process optimization, project financing, and demand forecasts, the targeted annu is approximately 500 megawatt-hours (MWh), equating to supplying 66,000 small ISR drone[4] packs or 315,000 loitering packs, based on internal operating assumptions.

"With developing geopolitical conflict and security concerns, Western and Western-allied governments and militaries ha and implicitly ordered the phase-out or banning of Chinese-sourced batteries in defense procurement," commented Mr. Huh, President & CEO of NEO. "Consequently, a global battery supply deficit is projected due to the heavy concentratio Chinese manufacturing and weak Western supply chains. NEO's Expansion Facility will accommodate the commercial interest for Korean-sourced battery cells from downstream manufacturers in the United States, Taiwan, Ukraine, Israel, Korea, and Japan."

To comply with updated defense procurement regulations, prominently Section 842 of the United States Fiscal Year 20 Defense Authorization Act[6], NEO aims to exclusively source raw materials and components outside of the People's Re China (PRC) and other foreign entities of concern (FEOC) as defined under 10 U.S. Code 4872[7]. The Expansion Facili expected to be complete by Q4 2026, with timelines dependent on equipment lead times, utility/infrastructure construct permitting approvals, strategic partnerships, and other relevant timing factors. Until commissioning is complete, NEO w and supply initial pouch-cell orders at its operational battery components factory (the "First Facility") in Gimje, South Ko

NEO concurrently plans to scale up its proprietary silicon anode materials technology, NBMSiDE®, to 20 tons per year. Company will integrate its silicon products into various drone battery applications based on performance needs. NBMS anodes will be purposed for loitering munitions due to their ultra-high capacity (~2,600 mAh/g or 7 times that of tradition anodes) and short cycle life, and P300N anodes will be deployed in payload and ISR drones that require high capacity extended duration.

Mr. Huh added, "To increase market presence and visibility, NEO will heavily target the distribution of its high-performa batteries into South Korea's Ministry of National Defense, starting with training programs to full-scale commercial deplo Korean military integration and performance validation will serve as a credible, robust use case for the United States, e Asia-Pacific governments, and NATO countries. We hope to deliver and execute phase-by-phase growth and expansio Company's Korea-made batteries."

Drone and UAS applications represent a key catalyst segment within the global lithium-ion battery market, which was e approximately US $9.1 billion in 2025 and is projected to exceed US $29 billion by 2032[8]. As defense, industrial, and c

UAV (unmanned aerial vehicle) usage scales, battery technology must evolve to meet rigorous performance requireme
Concurrently, advances in faster-charging architecture and complex BMS are broadening the drone/UAS market, enab
safer operations and more efficient energy utilization. As a result, the synergy between drone platform advancement ar
innovation will be a major driver of sustained growth across both markets.

[1]Pouch-Cell: Lithium-ion battery cell format enclosed in a flexible aluminum-laminated pouch rather than a rigid metal casing. Pouch-cells offer high energy, lighter weight, and design flexibility, making the format appropriate for volume- and weight-sensitive applications such as drones and robotics.

[2]Cylindrical-Cell: Lithium-ion battery cell format manufactured in a rigid, cylindrical metal can (e.g., 18650 or 21700 formats). Cylindrical cells provide mechanical stability and standardized manufacturing processes, making them suitable for power tools, robotics, and electronics.

[3]Prismatic-Cell: Lithium-ion battery cell format enclosed in a rigid, rectangular metal casing. Prismatic cells enable efficient space utilization and are deployed mainly in electric vehicles and energy storage applications.

[4]Small ISR Drone: A 2 to 25 kilogram weight-class unmanned aerial system (UAS) designed for Intelligence, Surveillance, and Reconnaissance (ISR) missions.

[5]Loitering Munition (LM): Self-destructive UAS equipped with built-in, precision-guided warheads.

[6]Fiscal Year 2026 National Defense Authorization Act (NDAA):
https://www.congress.gov/119/crec/2025/12/10/171/208/CREC-2025-12-10-pt1-PgH5136-3.pdf

[7]Title 10 U.S. Code 4872:
https://www.govinfo.gov/content/pkg/USCODE-2024-title10/pdf/USCODE-2024-title10-subtitleA-partV-subpartI-chap38

[8]Source: Global Market Insights: Drone Battery Market Size - By Battery, Capacity, Drone Type, Application & Forecast, 2026 - 2032 (https://www.gminsights.com/industry-analysis/drone-battery-market).

About NEO Battery Materials Ltd.

NEO Battery Materials is a Canadian-South Korean battery technology company focused on developing and producing
silicon-enhanced lithium-ion batteries in drones, robotics, physical AI, electric vehicles, and energy storage systems. W
patent-protected, low-cost silicon manufacturing process, NEO Battery enables longer-running and ultra-fast charging p
and provides end-to-end battery solutions from materials selection, cell architecture, and process optimization. The Co
to be a globally-leading producer of high-performance lithium-ion batteries and materials, building a secure, robust batt
chain for Western manufacturers. For more information, please visit the Company's website at:
https://www.neobatterymaterials.com/.

On Behalf of the Board of Directors
Spencer Huh
Director, President, and CEO

This news release includes certain forward-looking statements as well as management's objectives, strategies, beliefs
intentions. All information contained herein that is not clearly historical in nature may constitute forward-looking informa
Generally, such forward-looking information can be identified notably by the use of forward-looking terminology such as
"expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or
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be materially different from those expressed or implied by such forward-looking information, including but not limited to:
stock prices; the general global markets and economic conditions; the possibility of write-downs and impairments; the r
associated with the research and development of battery-related technologies; the risk associated with the effectivenes
feasibility of battery material, electrode, and cell technologies that have not yet been tested or proven on commercial sc
real-world operating conditions; the risks associated with battery-related manufacturing process scale-up, including mai
consistent material, component, and cell quality, production yields, and process reproducibility at a pilot, semi-commerc
commercial scale; the risks associated with compatibility of existing battery chemistries, formulations, components, or c
unforeseen risks associated with entering into and maintaining collaborations, joint ventures, partnerships, or commerc
with battery cell manufacturers, original equipment manufacturers, and various companies in the global battery and dow
end-user supply chain; the risks associated with the failure to develop and produce commercially viable battery-related
that technical goals may not be achieved within expected timelines or budgets under a joint development or collaboratio
associated with the Company's technologies and products not meeting performance requirements or customer specific
risks that prototype and pilot-scale products do not advance into commercially produced products or translate into com

orders; the risk associated with battery components and cell purchase orders and offtake supply that may not be fulfille time, or at all as actual revenue realization depends on delivery schedules, achievement of technical milestones, and c acceptance and validation; the risk associated with losing official vendor registration or status with existing customers; c risk upon delivery of prototype and commercial products; the risks associated with constructing, completing, securing, a financing pilot, semi-commercial, and commercial battery materials, components, and cell manufacturing facilities inclu Canadian and South Korean facilities; the risks associated with potential delays or increased costs with site preparatio procurement and installation, and facility commissioning; the risks associated with integrating silicon anode material pr electrode manufacturing, and cell assembly within a single operational cluster or the Company's business portfolio; the associated with supply chain disruptions or cost fluctuations in raw materials, processing chemicals, and additive prices production costs and commercial viability; the risks associated with uninsurable risks arising during the course of resea development and production; competition faced by the Company in securing experienced personnel, contracts and sal financing; access to adequate infrastructure and resources to support battery materials, components, and cell research development activities; the risks associated with changes in the technology regulatory regime governing the Company; associated with the timely execution of the Company's strategies and business plans; the risks associated with the lithi battery industry and end-users' demand and adoption of the Company's silicon anode technology and battery products; adoption and integration challenges, including the difficulty of incorporating silicon anodes and silicon battery products battery manufacturers and OEMs' systems; the risks associated with the various environmental and political regulation Company is subject to; risks related to regulatory and permitting delays; the reliance on key personnel; liquidity risks; t litigation; risk management; and other risk factors as identified in the Company's recent Financial Statements and MD& recent securities filings for the Company which are available on www.sedarplus.ca. Forward-looking information is bas assumptions management believes to be reasonable at the time such statements are made, including but not limited to R&D and commercialization activities, no material adverse change in precursor, raw material, equipment, and relevant development and commercialization plans to proceed in accordance with plans and such plans to achieve their stated e outcomes, receipt of required regulatory approvals, and such other assumptions and factors as set out herein. Althoug Company has attempted to identify important factors that could cause actual results to differ materially from those cont forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intend can be no assurance that such forward-looking information will prove to be accurate, as actual results and future event materially from those anticipated in such forward-looking information. Such forward-looking information has been provi 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 r forward-looking information. Forward-looking information is made as of the date of this presentation, and the Company undertake to update such forward-looking information except in accordance with applicable securities laws.

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