NEO Battery Enters Supply Intent Letter to Deliver High-Performance Batteries to Korean Drone Manufacturer for ROK Army Program

13:00 Uhr | CNW

- Enters non-binding Supply Intent Letter for projected supply volume of over 45,000 high-performance battery cells (or 7,584 drone battery packs) to a South Korean drone manufacturer for use in an undisclosed Republic of Korea Army program
- Expected supply timeline scheduled from July through October 2026, with an expected contract value of at least KRW 1.5 billion or CAD 1.37 million - final supply arrangement and pricing subject to definitive Product Supply Agreement
- Reinforces NEO as a secure supply chain alternative and Western-allied source for high-performance batteries in drone/UAV applications

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 physical AI, is pleased to announce that it has entered into a non-binding Supply Intent Letter ("Agreement") to supply high-performance drone batteries to a drone manufacturing company based in South Korea (the "Counterparty") for an undisclosed Republic of Korea ("ROK") Army program.

Under the terms of the Agreement, NEO commits to supply 7,584 drone battery packs, comprising 45,504 battery cells, to facilitate the production of the Counterparty's drone platforms designated for the ROK Army program. The supply period is scheduled to commence in July 2026 and continue through October 2026, with an expected contract value range of at least KRW 1.5 billion (CAD 1.37 million) based on current raw materials, labour, and margin estimates. In accordance with ROK Army and ministerial-level procurement requirements to diversify away from foreign-dependent supply chains, NEO is uniquely positioned to ensure a low-to-no composition of Chinese-sourced components for full compliance with protocols.

"This strategic agreement reinforces NEO's growing presence within the defense drone market and the high-performance qualities of our battery cell technology," stated Mr. Spencer Huh, President and CEO of NEO. "By maintaining rigorous component quality and providing active technical support, we are ensuring our partners' production timelines and program requirements are met. This partnership further solidifies our footprint in the defense and commercial UAV supply chain and advances our commitment to establishing NEO as a reliable, non-Chinese alternative for specialized drone applications".

While this Agreement establishes the operational framework and confirms the scale of the intended delivery, specific unit pricing and detailed payment terms are expected to be settled through a formal Product Supply Agreement (the "Definitive Agreement") with the Counterparty as the ROK Army program scope is finalized. The Company cautions that this Supply Intent Letter is non-binding and the final supply arrangement is subject to the execution of the Definitive Agreement. As such, there can be no assurance that the projected volumes and contract value will be fulfilled or that a formal contract will be executed on the terms currently contemplated.

Drone and UAS applications represent a key catalyst segment within the global lithium-ion battery market, which was estimated at approximately US $9.1 billion in 2025 and is projected to exceed US $29 billion by 2032[1]. As defense, industrial, and consumer UAV (unmanned aerial vehicle) usage scales, battery technology must evolve to meet rigorous performance requirements. Concurrently, advances in faster-charging architecture and complex BMS are broadening the drone/UAS market, enabling longer, safer operations and more efficient energy utilization. As a result, the synergy between drone platform advancement and battery innovation will be a major driver of sustained growth across both markets.

[1]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. With a patent-protected, low-cost silicon manufacturing process, NEO Battery enables longer-running and ultra-fast charging properties 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 batteries and materials, building a secure, robust battery supply 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 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 battery material, electrode, and cell technologies that have not yet been tested or proven on commercial scale or under real-world operating conditions; the risks associated with battery-related manufacturing process scale-up, including maintaining consistent material, component, and cell quality, production yields, and process reproducibility at a pilot, semi-commercial, or commercial scale; the risks associated with compatibility of existing battery chemistries, formulations, components, or designs; unforeseen risks associated with entering into and maintaining collaborations, joint ventures, partnerships, or commercial contracts with battery cell manufacturers, original equipment manufacturers, and various companies in the global battery and downstream end-user supply chain; the risks associated with the failure to develop and produce commercially viable battery-related products or that technical goals may not be achieved within expected timelines or budgets under a joint development or collaboration; the risks associated with the Company's technologies and products not meeting performance requirements or customer specifications; the risks that prototype and pilot-scale products do not advance into commercially produced products or translate into commercial orders; the risk associated with battery components and cell purchase orders and offtake supply that may not be fulfilled in full, on time, or at all as actual revenue realization depends on delivery schedules, achievement of technical milestones, and customer acceptance and validation; the risk associated with losing official vendor registration or status with existing customers; counterparty risk upon delivery of prototype and commercial products; the risks associated with constructing, completing, securing, and financing pilot, semi-commercial, and commercial battery materials, components, and cell manufacturing facilities including the Canadian and South Korean facilities; the risks associated with potential delays or increased costs with site preparation, equipment procurement and installation, and facility commissioning; the risks associated with integrating silicon anode material production, electrode manufacturing, and cell assembly within a single operational cluster or the Company's business portfolio; 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, contracts and sales, and financing; access to adequate infrastructure and resources to support battery materials, components, and cell 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 and end-users' demand and adoption of the Company's silicon anode technology and battery products; 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, raw material, equipment, and relevant cost 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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