



Li-Metal Corp. and Mustang Vacuum Systems Inc. Sign Definitive Agreements for Strategic Partnership in Lithium Metal Anode Business

Li-Metal finalizes definitive agreements with Mustang Vacuum Systems for the exclusive supply of high-performance PVD machines to produce battery materials for next-generation batteries

Li-Metal and MVS plan to jointly build Li-Metal's first commercial-scale PVD machine, scaling up Li-Metal's ultra-thin anode production capabilities to meet growing customer demand

Partnership advances Li-Metal's growth strategy and further strengthens ability to service growing customer base

Mustang Vacuum Systems to become a strategic shareholder of Li-Metal

TORONTO, Ontario – September 20, 2023 – Li-Metal Corp. (CSE:LIM) (OTCQB:LIMFF) (FSE:5ZO) (“Li-Metal” or the “Company”), a developer of lithium metal anode and lithium metal technologies critical for next-generation batteries, today announced the completion of the definitive agreements (the “Agreements”) for its previously announced exclusive partnership with Mustang Vacuum Systems Inc. (“MVS”), a global developer and manufacturer of industrial scale physical vapour deposition (PVD) equipment.

The signing of the Agreements relates to the parties’ previously announced strategic collaboration agreement for the exclusive supply of high performance PVD machines and advanced battery anode materials for next-generation batteries (see news release dated April 4, 2023). In addition to the strategic collaboration agreement, Li-Metal and MVS have entered into a contract production agreement to share their respective proprietary technology to create a commercial-scale PVD machine to produce anode material at MVS’s manufacturing facility in Sarasota, Florida. Li-Metal and MVS will jointly operate this PVD machine, which is expected to be commissioned by mid-2024.

This partnership is expected to accelerate the commercialization of Li-Metal’s innovative roll-to-roll PVD anode technology by:

- leveraging existing and new customer relationships to accelerate the adoption of Li-Metal’s ultra-thin anodes;
- jointly building Li-Metal’s first commercial-scale PVD machine;
- increasing the annual production capacity of anode materials 50x more than current pilot production capacity (on a linear metre basis); and
- meeting the growing demand of OEMs and next-generation battery developers seeking to differentiate their products through the utilization of Li-Metal’s cost effective ultra-thin anode technologies.

Pursuant to the terms of the Agreements, and amongst other things, Li-Metal will receive competitive pricing on MVS’ PVD machines and services, and MVS will receive the right of first refusal to contribute capital to a joint venture entity that intends to build a facility for manufacturing and selling battery anodes.

“We are excited to advance our collaboration with MVS, a seasoned PVD machine builder and technological leader, significantly increasing our anode production capacity for our current and prospective customers,” said Sridhar Godavarty, CEO of Li-Metal. “Li-Metal commissioned an anode pilot facility in 2021 and through 2023 provided qualification samples to numerous global next-generation OEM and battery players. Over the past few quarters, we received feedback and orders from our customers, demonstrating the need for a commercial-scale machine. With this partnership, we embark on the next phase of our growth where we plan to resolve industry cost challenges, with the goal of becoming the leading developer and producer of lithium metal anodes for use in next generation batteries.”

“We are thrilled to move our partnership forward with Li-Metal, a leading innovator of battery materials at the forefront of the next-generation battery industry,” said Richard Greenwell, President and co-founder of MVS. “Li-Metal is truly the preferred partner for next-generation battery anode production with leading expertise in the space and product development more broadly, and we are excited to work closely with their team to commercialize a technology that will redefine battery anode production.”

With the signing of the Agreements, Li-Metal has issued 4,375,000 Li-Metal common shares to MVS and 21,000,000 warrants to purchase common shares of Li-Metal, with the 4,375,000 common shares of Li-Metal valued at CAD \$0.29 per share or an aggregate of \$1,268,750 and the warrants are exercisable for a period of five years at a price of CAD\$0.627 per common share. As a part of the partnership, should MVS accumulate a holding of 10,000,000 common shares, they will have the right to observe the Company’s board proceedings and nominate one director to Li-Metal’s board at the first available opportunity. At that time, Li-Metal will also have the opportunity to observe MVS’ board proceedings related to their battery business.

Upon exercise of the 21,000,000 warrants, MVS will hold 25,375,000 common shares of the Company representing 14.07% of the issued and outstanding common shares (on a non-diluted basis) of the Company.

MVS has a long-term view of the investment and may acquire common shares of the Company either on the open market or through private acquisitions, or sell the common shares on the open market or through private dispositions in the future depending on market conditions, reformulation of plans and/or other relevant factors.

MVS’s head office is located at 7135 16th St. East, Suite 115, Sarasota, Florida, 34243, USA. A copy of the early warning report to be filed by MVS in connection with the transactions described herein will be available on the Company’s SEDAR profile at www.sedarplus.ca.

On behalf of the Board

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About Li-Metal Corp.

Li-Metal (CSE:LIM) (OTCQB:LIMFF) (FSE:5ZO) is a Canadian-based vertically integrated battery materials company and innovator commercializing technologies to enable next-generation batteries for electric vehicles and other applications. We believe our patented lithium metal technology, next-generation battery anode technology and production methods are significantly more sustainable than existing solutions and offer lighter, more energy-dense and safer batteries. Li-Metal’s battery materials support battery developers’ ability to power more cost-effective electric vehicles that go farther and unlock the future of transportation. For more information, visit: www.li-metal.com.

Forward-Looking Information

This news release contains “forward-looking information” within the meaning of applicable securities laws relating to the Company. Any such forward-looking statements may be identified by words such as “expects”, “anticipates”, “believes”, “projects”, “plans” and similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements. Statements about, among other things, the Company’s strategic plans are forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management’s reasonable assumptions, there can be no assurance that the development of the business of the Company will be completed as described above. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.

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