

Li-Metal Announces US\$750,000 Equity Financing and Plans to Raise up to US\$10.0 Million

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Funding will position Li-Metal to build out commercial-scale anode capabilities in 2024

TORONTO, April 19, 2024 - [Li-Metal Corp.](#) (CSE:LIM)(OTCQB:LIMFF)(FRA:5ZO) ("Li-Metal" or the "Company"), a developer of lithium metal anode and lithium metal production technologies critical for next-generation batteries, is pleased to announce that it has received a commitment for a US\$750,000 subscription (the "Subscription") for units of the Company from North Carolina-based Blue Horizon Advisors LLC ("Blue Horizon" or the "Subscriber"). In addition, the Company announces that it intends on completing a further equity financing for approximately US\$10 million (the "Subsequent Financing").

Pursuant to the terms of the Subscription, which is expected to close on April 25, 2024 (the "Closing Date"), Blue Horizon has agreed to subscribe for 5,161,500 units (the "Units") of the Company at an issue price of CDN\$0.20 per Unit for an aggregate subscription price of CDN\$1,032,300 (US\$750,000). Each Unit will be comprised of one common share (a "Common Share") and one-half of one share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one additional common share at an exercise price of \$0.63 per common share per common share) for a period of three years from the date of closing of the issue. Should the Company's Common Shares have a closing price on the Canadian Securities Exchange (the "CSE") (or such other securities exchange on which the Common Shares may be traded at such time) of \$1.60 or greater per Common Share for a period of 10 consecutive trading days at any time after the issuance of the Warrants, then the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof (by disseminating a news release advising of the acceleration of the expiry date of the Warrants) and, in such case, the Warrants will expire on the 30th day after the date of such notice.

In addition, the Subscription contains a ratchet provision (the "Ratchet") which provides that:

Blue Horizon's effective per Unit price will be adjusted if securities are issued at a lower price in the Subsequent Financing; and

If investors in the Subsequent Financing receive warrants with an exercise price less than the exercise price of the Warrants received by Blue Horizon, then the exercise price of the Warrants received by Blue Horizon shall be adjusted downward to be the same as the exercise price for the warrants received by such investors in the Subsequent Financing.

The Ratchet is available for 45 days following the Closing Date and, in no case, can the price per Unit be adjusted downward pursuant to the Ratchet below the Discounted Market Price (as defined in the policies of the Canadian Securities Exchange) on the Closing Date.

The Units, and the underlying securities, will be subject to certain resale restrictions, such as a hold period of four months and a day from the Closing Date. Closing of the financing is subject to CSE approval.

The Subscription will constitute a related party transaction as defined in Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions, as an insider of the Company is a minority

shareholder of Blue Horizon. The Company is relying on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(1)(a) of MI 61-101, as the Company is not listed on a specified market and the fair market value of the insider's interest in the Units to be issued to Blue Horizon does not exceed 25 per cent of the market capitalization of the Company, as determined in accordance with MI 61-101. A material change report will be filed not less than 21 days before the Closing Date. This shorter period was reasonable and necessary in the circumstances as it was necessary for the Company to complete the Subscription to immediately improve the financial position of the company.

Blue Horizon Subsequent Financing and Advisory Agreement

The Company has also entered into an advisory agreement (the "Advisory Agreement") with Blue Horizon pursuant to which Blue Horizon will provide strategic consulting services to Li-Metal on elements of its business including, without limiting, corporate strategy and development, commercial activity and direct client engagement, partnership management and rationalization of Li-Metal's capital structure. The term of the Advisory Agreement shall commence on the Closing Date and continue for 12 months following the Closing Date. If the Subsequent Financing is not completed by June 30, 2024, the Advisory Agreement will terminate unless extended by mutual agreement of the parties.

Pursuant to the Advisory Agreement, compensation to Blue Horizon will consist of: (i) a US\$1,000,000 cash engagement fee (the "Engagement Fee") payable upon the closing of the Subsequent Financing (the "Subsequent Financing Closing Date"); and (ii) a monthly cash fee of US\$166,666 (the "Monthly Fee").

The Monthly Fee will only be payable in cash following the Subsequent Financing Closing Date. In the event that this does not occur by June 30, 2024, the Advisory Agreement will terminate, and any accrued Monthly Fees shall be paid in Common Shares based on a 20-trading volume weighted average price of the Common Shares.

Proceeds from both financings will be used to accelerate the commercialization of Li-Metal's anode technology, for working capital and for general corporate purposes.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ON BEHALF OF THE BOARD

Srini Godavarthy
Chief Executive Officer

About Li-Metal Corp.

Li-Metal 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: <https://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 and the financings 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 or that the financings will be completed. 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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