

INTERNATIONAL BATTERY METALS INC. ENTERS INTO LETTER OF INTENT WITH NORTH AMERICAN LITHIUM, INC. TO ACQUIRE INTELLECTUAL PROPERTY RELATED TO OIL FIELD BRINE LITHIUM EXTRACTION

Vancouver, BC, Canada – October 2, 2017 – International Battery Metals Inc. (CSE: IBAT) (“IBAT” or the “Company”) is pleased to announce it has entered into a binding letter of intent with North American Lithium, Inc. (“NAL”) dated September 28, 2017 (the “LOI”), pursuant to which IBAT will acquire NAL’s intellectual property related to lithium extraction from oil field brines (the “Intellectual Property”) for petro lithium extraction projects (the “Proposed Transaction”).

NAL is a California corporation that has developed unique technology that allows direct extraction of lithium from complex brines such as those found in oil fields.

The technology involves processes that are highly selective for lithium and an extraction system that allows lithium extraction from complex brines with only minimal pretreatment. There is no need to pretreat the brine to remove divalent cations such as calcium or magnesium. The process also inherently rejects troublesome anions such as sulfate and borate. Rather, brine flows into the process. Lithium chloride is removed and the brine is injected back into the ground through an environmentally permitted well.

The output of these patent pending processes is a clean lithium salt solution that is suitable for further processing to desired products.

Additionally, the patent pending process and equipment are specifically designed to be compatible with the demands of remote oilfield operations.

NAL’s technology provides significant advantages including significant cost savings due to minimal brine pretreatment and exceedingly low chemical consumption. The unique equipment design also allows rapid implementation, minimizing traditional lag time for bringing resources on line.

NAL is led by Dr. John Burba who has 40 years’ experience with Dow Chemical, FMC, and Simbol Minerals in the lithium extraction industry. Included in his team are Marc Privitera (an AIChE Fellow), a chemical engineer with over 30 years’ experience and Christina Borgese (AIChE) who has a depth of experience in developing, engineering and constructing large chemical projects.

In order to effect the transfer of the Intellectual Property to IBAT, NAL will form a new company (“Subco”) and transfer 100% of the Intellectual Property to Subco, following which the IBAT will acquire 100% of the issued and outstanding securities of Subco, in consideration of up to 23,700,000 common shares of IBAT (the “Vend-In Shares”) as follows:

- (i) 4,700,000 Vend-In Shares on closing of the Proposed Transaction (“Closing”);
- (ii) 4,000,000 Vend-In Shares upon Subco and IBAT completing an agreed upon milestone in respect of the Intellectual Property;
- (iii) 5,000,000 Vend-In Shares upon Subco and IBAT completing an additional agreed upon milestone in respect of the Intellectual Property;
- (iv) 5,000,000 Vend-In Shares upon Subco and IBAT filing completing an additional agreed upon milestone in respect of the Intellectual Property; and
- (v) 5,000,000 Vend-In Shares upon IBAT (i) completing one or more private placement financing(s) resulting in the issuance of no less than 5,000,000 common shares of IBAT and (ii) completing a laboratory-scale pilot plant for the processing of lithium or lithium concentrates.

Additionally, pursuant to the terms of the LOI, IBAT will acquire from NAL data, analyses, and reports related to lithium extraction from various oil field brines (the “**Data**”) to be considered for initial siting and development of the project. In consideration of the transfer of the Data, the LOI prescribes that:

- (i) On execution of the LOI, the Company will pay NAL US\$135,000 to review data from oil field brines and analyze the data to prepare a brine source identification report (the “**Brine Identification Report**”);
- (ii) Upon delivery of the Brine Identification Report, the Company will pay NAL US\$175,000, such payment to be made on the date that is the earlier of: i) thirty (30) days from the date of the LOI; or (ii) the date that is five (5) days after the date that IBAT receives net proceeds from an equity financing in the amount of not less than CAD1,000,000;
- (iii) Upon delivery of a block flow diagram of the lithium extraction process previously developed by NAL, IBAT will pay NAL US\$215,000;
- (iv) Upon delivery of an initial overall project flowchart and design document, IBAT will pay NAL US\$225,000; and
- (v) Upon delivery of a final opinion letter from NAL in respect of proposed applications of the Intellectual Property, IBAT will pay NAL US\$125,000.

On Closing, the board of IBAT shall be reconstituted in a manner that complies with the requirements of the Canadian Securities Exchange (the “**CSE**”) and applicable laws and will include a total of five (5) members, including three (3) members of IBAT’s current board chosen by IBAT (the “**IBAT Directors**”) and two (2) new members to be nominated by NAL (the “**NAL Nominees**”), subject to the receipt of all applicable regulatory approvals. IBAT will, on or before the 90th day following Closing, cause an additional one (1) of the IBAT Directors to resign and shall appoint in his or her stead one (1) additional director nominated by NAL, subject to the receipt of all applicable regulatory approvals. In the event the board of IBAT is expanded in the future to include greater than five (5) members, NAL shall be given the right to nominate additional director(s) such that the total number of IBAT directors nominated by NAL is as close as possible to, but not less than, 51% of the IBAT board. On closing of the Proposed Transaction, NAL’s President and CEO John Burba will be appointed as the President and Chief Executive Officer of IBAT. Closing of the Proposed Transaction is subject to a number of conditions precedent customary for a transaction of this nature, including the entry into a definitive agreement between the parties.

“We are excited to get this critical piece of the Company’s development plan in place, and look forward to working with Dr. John Burba and his experienced team at North American Lithium.”, commented Logan Anderson, President and CEO of IBAT, “North American Lithium has developed a unique portfolio of intellectual property in the emerging petrolithium brine extraction space, and we are eager to collaborate with them in realizing its potential.”

In connection with the Proposed Transaction, and subject to approval of the CSE, Mackie Research Capital Corp. (“**Mackie**”) has agreed to provide a bridge loan to IBAT in the amount of CAD\$200,000 (the “**Loan**”). The Loan will be for a term of 12 months and carry interest at a rate of 10% per annum. In further consideration of the Loan, IBAT shall grant Mackie 500,000 special units (the “**Special Units**”). Each Special Unit will be exercisable at a price of CAD\$0.40 into an underlying unit of the Company comprised of one common share of IBAT and one common share purchase warrant (each an “**Underlying Warrant**”). Each Underlying Warrant will be exercisable for a period of two (2) years to purchase one additional common share of IBAT at the price of CAD\$0.52 per common share, subject to acceleration. If the closing price of the common shares of IBAT on the CSE is equal to or greater than CAD\$1.25 per common share for 20 consecutive trading days any time after the date of issuance of the Underlying Warrants (the

“**Threshold Period**”), then Mackie shall have until 4:00 pm (PST) on the 10th calendar day after the last day of the Threshold Period to exercise the Underlying Warrants (the “**Accelerated Expiry Deadline**”). Any Underlying Warrants not exercised before the Accelerated Expiry Deadline shall expire immediately on the passing of the Accelerated Expiry Deadline.

ON BEHALF OF THE BOARD

“Logan Anderson”
Logan Anderson, CEO and Director

Forward-looking statements

This release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and certain of the plans and objectives of the Company with respect to the same. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

THE CSE DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.