

COMPLETION OF MT MARION SALE AND STRATEGY GUIDANCE

Highlights

- AUD\$104 million divestment of Mt Marion equity interest completed
- Neometals cash balance at ~ AUD\$131 million plus ~AUD\$7 million in listed investments
- Core strategy remains to de-risk and develop long life projects with strong partners and integrate down the value chain to increase margins and return value to shareholders
- Neometals Board has refined short-term project development priorities:
 - Driving the Barrambie Project's engineering, approvals and financing processes toward a Final Investment Decision for the development of a primary vanadium operation in 2019;
 - Completion of the lithium-ion battery recycling pilot and feasibility study in parallel with market qualification, partner and approvals processes; and
 - Advancing design and approvals activities for the Lithium Refinery Project and proving-up of zeolite co-product opportunity.

Neometals Ltd (ASX: NMT) ("Neometals" or "the Company") is pleased to advise that the \$103.8 million sale of its 13.8% equity interest in the Mt Marion Lithium Project ("Mt Marion Divestment") has completed. The Mt Marion Divestment was made to Neometals' co-shareholders, Ganfeng Lithium Co., Ltd and Mineral Resources Limited (see ASX announcement 21 December 2018).

In parallel with the sale agreement the parties have executed a binding life-of-mine annual offtake option ("Offtake Agreement") for 57,000 tonnes per annum of Mt Marion 6% spodumene concentrate (at market-linked prices). The Offtake Agreement provides potential feedstock for downstream processing into higher-margin lithium chemicals.

Neometals Managing Director Chris Reed said:

"We will continue to take a very measured approach to capital allocation and the timing of investment decisions of multiple advanced projects in our portfolio. We are fortunate that despite challenging capital markets we retain significant flexibility and optionality with respect to the timing, quantum and structure of investment into the development of our portfolio of exciting growth projects."

The Board of Neometals has refined the tactical priorities for calendar 2019, which are highlighted below.

BARRAMBIE VANADIUM AND TITANIUM PROJECT

Barrambie, one of the world's biggest titanium and vanadium resources, remains a flagship project with Neometals targeting a final investment decision ("FID") in 2019.

An updated definitive feasibility study ("DFS") for the development of a primary vanadium operation at Barrambie and updated Ore Reserve estimate are nearing completion and due for release in April 2019. This will form the basis of the formal offtake, partner and financing processes to be run in parallel with vendor test work, front-end engineering and design studies ("FEED") and approval processes.

LITHIUM-ION BATTERY RECYCLING PROJECT

Neometals is piloting its mixed battery feed lithium-ion battery recycling technology in Canada with a view to subsequently completing engineering and design studies to enable consideration of an investment decision in December 2019 to construct its first commercial plant.

The Company recently announced that SGS Canada has successfully commissioned the first stage of a plant to prove its 'universal' recycling process at pilot scale. The pilot will double as a showcase facility generating product samples for qualification with potential customers and providing essential data required for the various engineering and financial studies.

LITHIUM DOWNSTREAM STRATEGY

The Neometals life-of-mine offtake option for 57,000tpa of spodumene concentrate as part of the Mt Marion equity sale agreement provides a secure and proven base-load feed source for Neometals to downstream process into higher-margin lithium chemicals.

(a) Kalgoorlie Refinery Project ("KLR")

Whilst currently under peer review, and despite the contemporary engineering cost study indicating that spodumene conversion costs are acceptable, based on currently available information, the capital intensity for the chosen nameplate capacity (10,000tpa lithium hydroxide) located in Kalgoorlie is higher than earlier studies indicated.

Neometals maintains its strong belief in the future demand for lithium driven by the electrification of transport and storage of renewable energy. However, given the forecast short to medium term imbalances in the lithium supply chain and other relevant industry conditions, Neometals has decided to delay the feasibility study on the KLR but continue the advancement of the engineering and approvals processes for longer term strategic outcomes. Given that the Mt Marion spodumene offtake option can be exercised annually, Neometals has the flexibility to adjust, optimise and align its downstream processing strategy and timing with more favourable lithium market and industry conditions.

(b) Zeolite Project

In addition, strategic attention also will be given to Neometals' zeolite co-product development and evaluation studies, as a potential standalone operation or integrated into the contemplated lithium refinery. Neometals has recently confirmed its ability to synthesise commercial grade zeolite from Mt Marion spodumene leach residue (lithium hydroxide processing waste) and has been pursuing the opportunity to add co-product revenue and reduce waste disposal costs to significantly improve the projected KLR competitive cost position. The Company is currently working on producing zeolite samples for product qualification ahead of pilot-scale test work planned to commence in the June quarter, and feasibility study planned for completion in the December quarter of 2019.

PROPOSED DEMERGER

The Mt Marion divestment together with deferral of an investment decision for the KLR removes the catalyst for the prompt implementation of the previously announced demerger plan for NMT's non-lithium assets (*see ASX announcement dated August 16, 2018*). Although still holding to the strategic principles of the proposed demerger, it is now anticipated that the appropriate timing for demerger will align with a development decision and/or external financing requirement for one or more of its advanced growth projects, prospectively next financial year.

ENDS

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**About Neometals Ltd**

Neometals Ltd ("Neometals" - ASX:NMT) is a project developer and supplier of strategic materials, with a specific focus on targeting higher margins from downstream processing opportunities. The Company has three core projects:

- Barrambie Titanium and Vanadium Project - one of the world's highest-grade hard-rock titanium-vanadium deposits, working towards a development decision in mid-2019
- Lithium-ion Battery Recycling – a proprietary process for recovering cobalt and other valuable materials from spent lithium batteries. Pilot plant testing currently underway with commercial development decision expected by December 2019
- Kalgoorlie Lithium Refinery Project – Progressing plans for a lithium refinery development to supply lithium hydroxide to the battery cathode industry, underpinned by a binding life-of-mine annual offtake option for 57,000 tonnes per annum of Mt Marion 6% spodumene concentrate

Neometals' strategy focuses on de-risking and developing long life projects with strong partners and integrating down the value chain to increase margins and return value to shareholders.