

Neometals Ltd

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Neometals Ltd to gain \$104 million by divesting Mt Marion lithium project interest

Neometals Ltd (ASX:NMT) will pocket about \$104 million from divesting its 13.8% interest in the Mt Marion Lithium Project in Western Australia while retaining life-of-mine annual offtake of 57,000 tonnes of spodumene concentrate.

The sale agreement with co-shareholders Ganfeng Lithium Co Ltd and Mineral Resources Limited (ASX:MIN) will enable Neometals to pursue its downstream integration strategy.

This involves production of higher value lithium chemicals and capturing value from recovery of critical metals, including lithium, from end of life lithium-ion battery recycling.

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The strategy will be underpinned by certainty from proven feed supply.

It is intended that the company's proposed lithium chemical refinery will process Neometals' future share of Mt Marion spodumene concentrates.

Managing director Chris Reed said: "We are delighted to have negotiated a strong outcome for Neometals shareholders.

"Neometals has realised significant further value from Mt Marion but of equal importance is the retention of our valuable offtake right which guarantees access to an industry proven feed material for future lithium downstream processing."

READ: Neometals and partners add 500,000 tonnes to lithium resource at Mt Marion

Shares are up almost 10% this morning to 23 cents.

Completion of the Mt Marion divestment is anticipated by the beginning of February 2019.

The agreement is subject to Ganfeng obtaining Australian Foreign Investment Review Board approval, making necessary filings with Chinese regulatory authorities and obtaining Chinese regulatory approvals.

Price: A\$0.205

Market Cap: A\$111.61M

1 Year Share Price Graph



Share Information

Code: NMT

Listing: ASX

52 week **High** **Low**
 A\$0.33 **A\$0.20**

Sector: Mining

Website: www.neometals.com.au

Company Synopsis:

Neometals Ltd (ASX:NMT) is focused on the Mt Marion Lithium Project with the aim of becoming an integrated producer of lithium battery materials.

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"Timing is right"

Reed said: "We believe the timing is right to realise the value of Mt Marion and strengthen our balance sheet as we finalise multiple evaluation studies over downstream projects.

"The company is changing its focus and exposure away from upstream concentrates and pursuing a more holistic and integrated approach to the lithium battery thematic."

Neometals was approached by its co-shareholders to negotiate the divestment of its shareholding in Reed Industrial Minerals Pty Ltd (RIM), the joint venture company that owns Mt Marion.

Strong growth in RIM valuation

The finalised price and terms for the divestment reflects strong growth in the valuation of RIM.

Neometals realised about \$89 million in cash from its initial equity sales in RIM to Ganfeng and Mineral Resources, which facilitated the development of what is now a globally significant lithium mine.

Total sale proceeds, including the latest divestment and the Neometals October profit dividend will total around \$200 million on a Neometals investment with an historical cost of about \$3 million.

To date, Neometals has distributed approximately \$34 million by way of shareholder dividends and share buy-backs.

At completion of the Mt Marion divestment, Neometals' cash balance is expected to be around \$130 million.

READ: Neometals begins feasibility study update for Barrambie as vanadium prices rise

Given the size and nature of the transaction, the proposed demerger of Neometals' Barrambie Vanadium/Titanium Project will not advance until the board has an opportunity to fully consider the impacts of the Mt Marion divestment.

The board will also consider its approach with respect to capital management having regards to its future strategic needs and outlook.

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