

# Neometals Ltd

15:25 20 Feb 2019

## Neometals to see lithium batteries recycled while updating Barrambie DFS

- While its interest in Mt Marion lithium operation is being divested, offtake rights will remain
- The transaction will bring in \$103.8 million, adding to the \$30.3 million cash Neometals had at the end of the December quarter
- A battery-recycling pilot plant at Lakefield in Canada complements the company's lithium supply chain focus
- Neometals will prioritise its titanium-vanadium business with an updated DFS for the Barrambie VTM project expected by the June quarter

### What does Neometals do?

Neometals Ltd (ASX:NMT) specialises in developing industrial and advanced materials projects. It is run by a leadership team including founder Chris Reed, a minerals economist who has near on 20 years experience in the mining industry.

### What does Neometals own?

The key asset for the company has become the Barrambie Vanadium-Titanium-Magnetite (VTM) Project in Western Australia. Neometals is expecting to soon pocket \$103.8 million from the sale of its 13.8% equity interest in its former focus, the Mt Marion lithium operation, to Ganfeng Lithium Co Ltd.

Mt Marion is 40 kilometres southwest of Kalgoorlie-Boulder in WA.

Chinese buyer Ganfeng has the green-light for the majority stake pick-up from Australia's Foreign Investment Review Board (FIRB).

The contract is expected to be completed by February 28 after the buyer provides evidence of Chinese regulatory authority confirmations of its filings on the acquisition of the Mt Marion stake.

Ganfeng is already a 43.1% equal co-owner of the venture with Mineral Resources Limited (ASX:MIN, MinRes).

Neometals, which is focused on the lithium supply chain, will retain a life-of-mine annual offtake of 57,000 tonnes of spodumene concentrate.

The value of 6% spodumene concentrate shipments from Mt Marion for the March 2019 quarter is \$US791.84 per dry metric tonne (dmt) for the March quarter.

Another lithium asset for the company is a lithium-ion battery (LIB) recycling pilot plant at the SGS Lakefield facility in Canada.

Stage 1 has been successfully commissioned and will involve front-end

**Price:** A\$0.215

**Market Cap:** A\$116.95M

### 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](http://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.*

### Author:

**Proactive Investors Australia**

**+61 (0)2 9280 0700**

**action@proactiveinvestors.com.au**

preparation such as shredding, removal of metal casings and plastics.

A future stage 2 will feature hydrometallurgical processing and refining as Lakefield plant operators aim to produce high-purity battery materials for market qualification.

Neometals hopes to see recoveries of more than 90% of all battery materials using its flow-sheeted process.

The company's now primary mining project, the Barrambie Vanadium-Titanium-Magnetite (VTM) Project in WA, falls under its titanium-vanadium business unit.

While the company had previously flagged it planned to spin out the project into separate titanium-vanadium company, Neometals is now updating a 2009 definitive feasibility study (DFS) for Barrambie project instead.

The updated DFS is expected in the June quarter and will examine staged development options including offshore processing of crushed ore, onsite production of a high-grade concentrate for sale, and refining to produce vanadium chemical products.

The new DFS will be JORC 2012-compliant and based on Neometals' 2018 resource estimate for Barrambie.

Barrambie is one of the world's highest-grade hard rock titanium deposits and hosts one of the largest vanadium projects globally.

It hosts 280.1 million tonnes grading 9.18% titanium dioxide and 0.44% vanadium pentoxide to an 80-metre vertical depth.

Contained titanium is greater than 25 million tonnes while contained vanadium exceeds 1.2 million tonnes.

A high-grade titanium subset features 53.6 million tonnes grading 21.17% titanium and 0.63% vanadium while a high-grade vanadium subset has 64.9 million tonnes grading 0.82% vanadium and 16.90% titanium.

Barrambie's Eastern Band has one of the highest grade hard-rock titanium deposits globally.

Neometals is planning to exploit the hard-rock titanium deposits by employing a proprietary acid leach process to produce high-purity titanium dioxide, iron oxide and vanadium pentoxide at lowest quartile costs.

Laboratory-scale test work in Canada previously confirmed high-purity (>99%) titanium dioxide could be precipitated selectively from a leach solution at recoveries greater than 90% from Barrambie ore.

Neometals is investigating direct shipping ore (DSO) being toll concentrated for sale to processors in China in parallel with the development of on-site concentration and refining operations.

The company had \$30.3 million cash at the end of the December quarter and expects \$4.3 million of cash outflows in the March fiscal quarter.

It has budgeted \$895,000 for exploration and evaluation in the quarter and \$1.3 million for research and development.

#### Inflection points

- Chinese regulatory authority confirmations of consent to Ganfeng's filings on its Foreign Investment Review Board-approved acquisition of LIT's Mt Marion operation stake
- Cash inflows of up to \$103.8 million from the Mt Marion transaction
- Positive results from the company's updated DFS for the Barrambie project, expected in the June quarter
- Strategic transactions or spin-out plans for Barrambie
- Potential offtake agreements or commitments for Barrambie ore

#### Managing director Chris Reed confident of Barrambie's value

"With strong vanadium pricing and end-users demanding secure supply of quality feedstocks from low-risk jurisdictions, Neometals is moving quickly to capitalise on this significant market opportunity (at Barrambie)," Neometals managing director Chris Reed said in November.

"Barrambie has played second fiddle in recent years to our lithium endeavours, however it is to our knowledge, the most advanced, undeveloped greenfields vanadium project globally.

"Our extensive historical exploration and evaluation works enable us to fast track an updated DFS. This step-wise approach is consistent with the staged development and de-risking strategy we employed to successfully develop our lithium business."

Neometals managing director Chris Reed will deliver an 11.25am presentation this Thursday at the February 19-21 RIUExplorersConference 2019 at Esplanade Hotel Fremantle. You can find Neometals' information at Poster Board P.

Neometals chief operating officer Mike Tamlin will deliver an address on Friday at 11.30am on closing the supply chain loop at Roskill's February 21-22 Lithium Mine to Market Australia 2019 event From Lithium Processing to Battery Production at Parmelia Hilton Perth Hotel.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

No investment advice

The information on this Site is of a general nature only. It does not take your specific needs or circumstances into consideration, so you should look at your own financial position, objectives and requirements and seek financial advice before making any financial decisions. You acknowledge and understand that neither the Company, its related bodies corporate, the information providers or their affiliates will advise you personally about the nature, potential value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter. You should read our FSG and any other relevant disclosure documents and if necessary seek professional advice prior to making any investment decision.

You understand and agree that no Content (as defined below) published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person.

You understand that in certain circumstances the Company, its related bodies corporate, the information providers or their affiliates may have received, or be entitled to receive, financial or other consideration in connection with promoting, and providing information about, certain entities on the Site and in communications otherwise provided to you.

You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate. From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

Before you act on any general advice we provide, please consider whether it is appropriate for your personal circumstances.