



# PRIMOBIUS TO ENTER NORTH AMERICA WITH STELCO FOR RECYCLING OF ELECTRIC VEHICLE BATTERIES

## HIGHLIGHTS

- Primobius executes agreements to commercialise its recycling technology into North America, the fastest growing lithium battery production region, with leading Canadian steelmaker Stelco Holdings Inc. (TSX: STLC);
- Stelco plans to secure large volumes of end-of-life vehicles to source scrap steel feedstocks and recycle lithium-ion batteries in a proposed 50tpd integrated operation at its Lake Erie Works;
- Primobius will licence a Stelco battery recycling special purpose vehicle and hold an option to acquire between 25% and 50% equity by contributing its pro-rata share of sunk evaluation and development costs; and
- Allows Stelco to focus on feedstock and approval activities and Primobius on its demonstration trials, engineering studies and 10tpd commercial disposal operation in Hilchenbach, Germany.

Innovative project development company, Neometals Ltd (ASX: NMT) (“Neometals” or “the Company”), is pleased to announce that Primobius GmbH (“Primobius”), the joint venture (“JV”) company owned 50:50 by Neometals and SMS group GmbH (“SMS”), has executed binding option and licencing agreements (“Formal Agreements”) with Stelco Inc. (“Stelco”) and a wholly-owned subsidiary of Stelco. Stelco is a wholly-owned subsidiary of Stelco Holdings Inc., a Toronto Stock Exchange listed steelmaking company headquartered in Hamilton, Ontario.

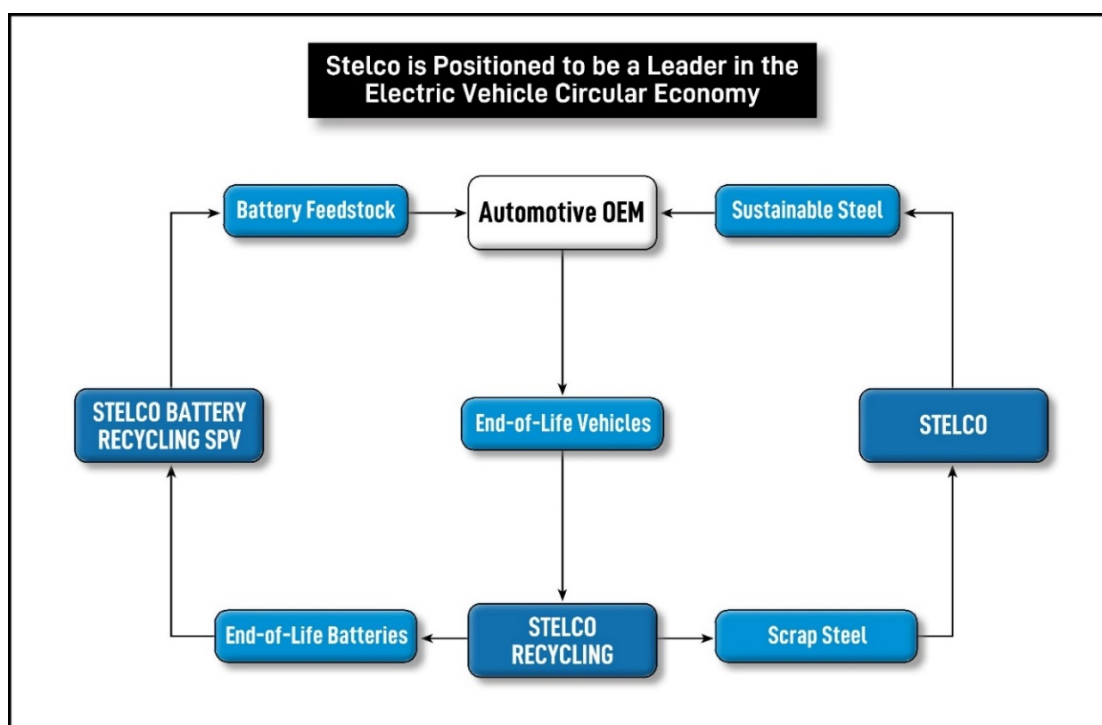


Fig 1 – Diagram showing relationship between Stelco and the Electric Vehicle (Automotive OEM) value chain.

Stelco and Primobius entered into a MoU earlier in the year to evaluate future joint lithium-ion battery (“LIB”) recycling operations (for full details refer to Neometals ASX announcement entitled “Primobius Enters MOU for North America with Stelco to Construct a Plant for Extraction and Recycling of Battery Metals” released on 27<sup>th</sup> May 2021). The parties worked together towards a significant North American LIB recycling business plan and have now entered into binding formal arrangements that allow Stelco to accelerate its sourcing of feedstock ahead of Primobius considering equity ownership of the Stelco battery recycling special purpose vehicle (“**Stelco SPV**”) responsible for battery recycling operations.

Specifically, Primobius has exclusively licenced its battery recycling technology (“**Recycling Technology**”) to Stelco SPV (“**Licence**”) in the field of end-of-life vehicle battery processing, to enable it to advance commercial LIB feedstock sourcing agreements and advance its approvals processes. Under a separate option agreement (“**Option**”), Primobius can elect to acquire between 25% and 50% equity in Stelco SPV by contributing its pro-rata share of Stelco SPV’s sunk evaluation and development costs prior to exercising. If the Option is not exercised by Primobius, under the Licence, Stelco will have the exclusive rights to utilise the Recycling Technology in North America to recycle LIBs removed from end-of-life electric vehicles, and Primobius will be entitled to a gross revenue royalty.

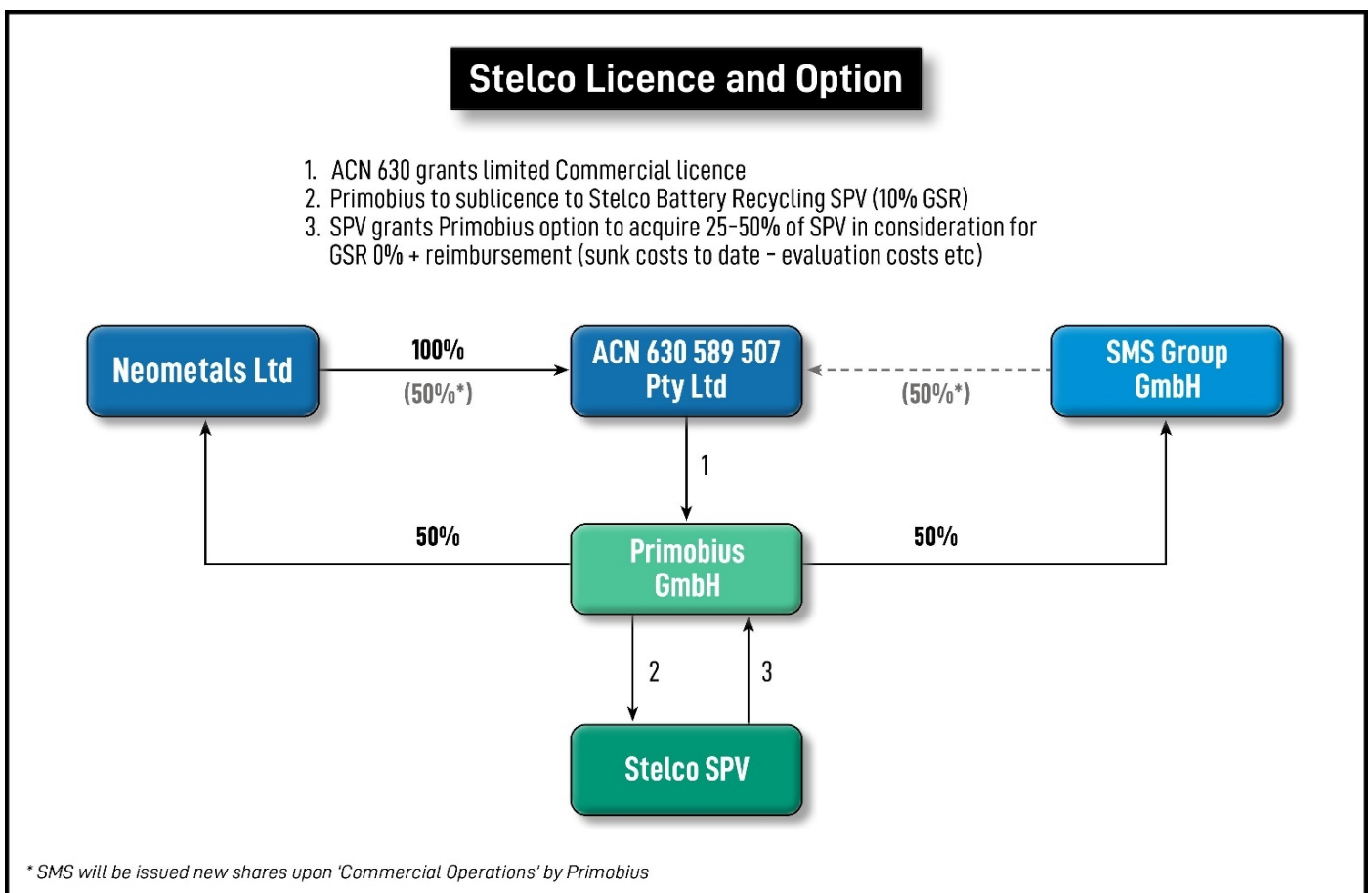


Fig 2 – Image showing the License and Option relationship between the parties

The commercial Formal Agreements contemplate Stelco SPV evaluating a 50tpd (18,250 tpa) integrated Shredding (“**Spoke**”) and Hydrometallurgical Refinery (“**Hub**”) located at its Lake Erie Works in Ontario, Canada. Primobius is capable of supplying Stelco SPV a network of 50tpd Shredding plants across the licenced territory (Canada, USA, Mexico) to feed a larger scale, centralised hydrometallurgical refining Hub as and when required. The Formal Agreements with Stelco represent a significant milestone for Primobius and its strategy to become the leading LIB recycler through the establishment of a second operating base, in North America. The Stelco SPV will help meet the need for multiple large recycling facilities to manage significant anticipated volumes from end-of-life electric vehicle batteries originating from the World’s fastest growing cell making jurisdiction.

Stelco is now in a position to mature its feedstock targeting activities with direct access to a sustainable industrial scale recycling solution backed by globally recognized engineers and plant builders, SMS.



Fig 3 – Map showing the proposed location of Stelco Recycling’s hub and spoke in relation to the electric vehicle and LIB ecosystem in the USA.

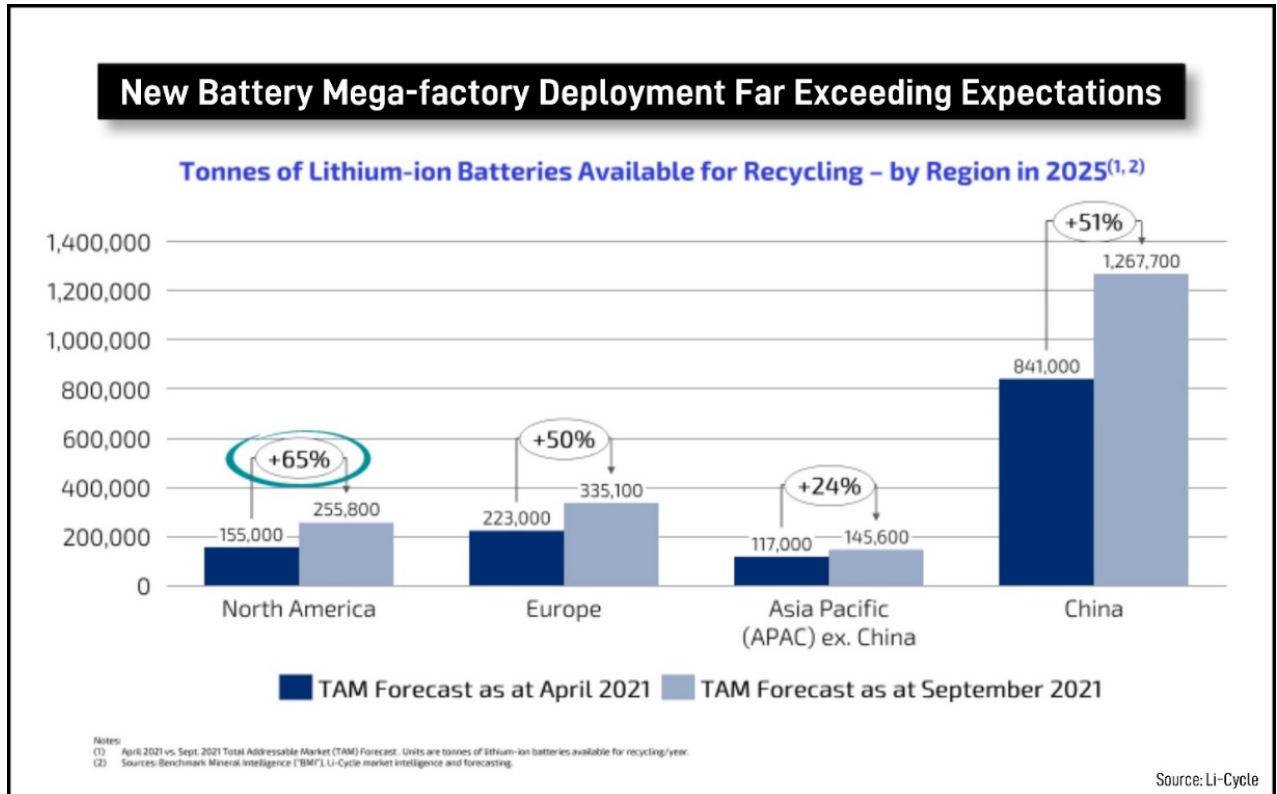


Fig 4 – Image showing the rapid increase in just five months in future LIB cells available for recycling by region in 2025.

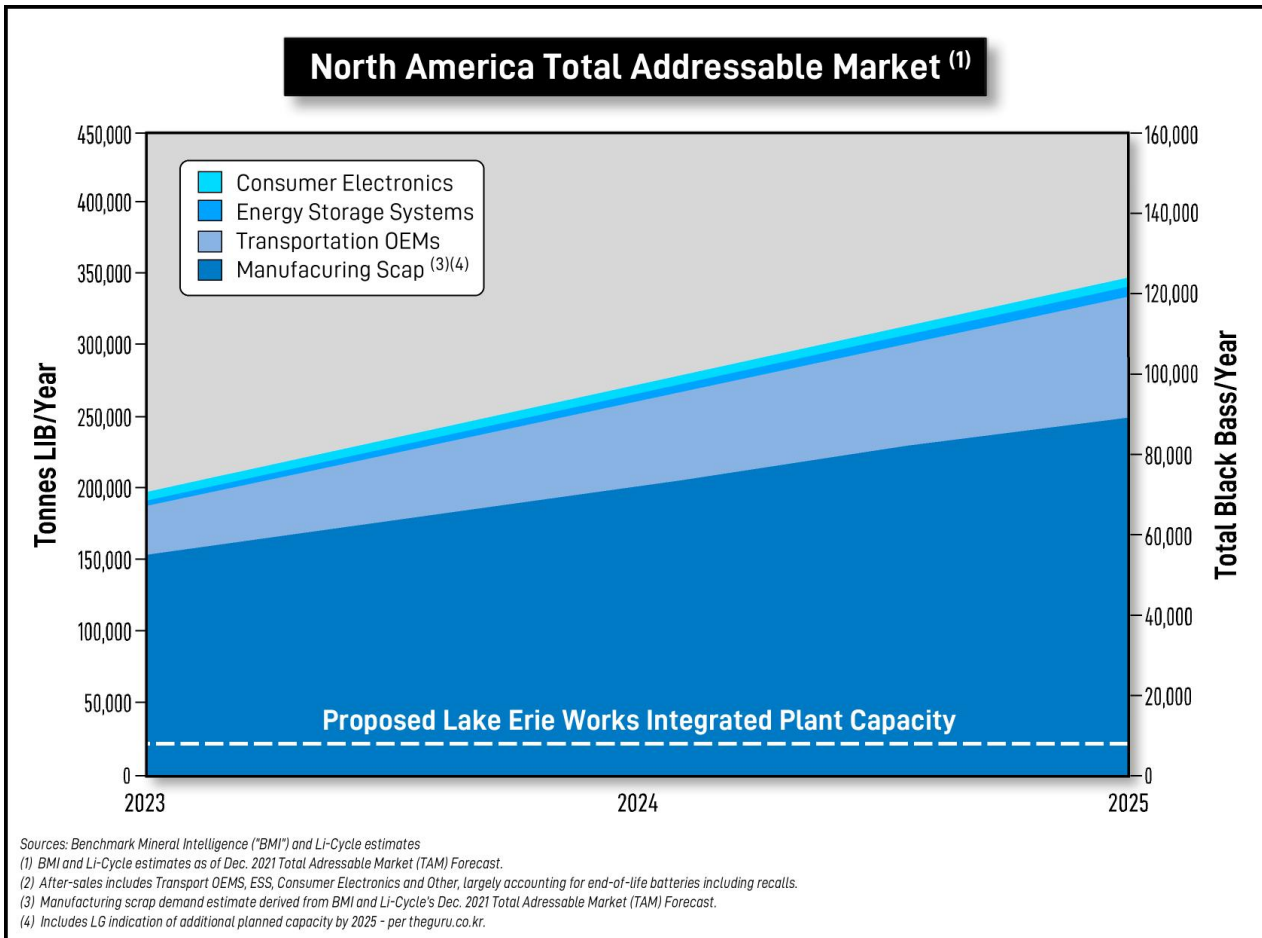


Fig 5 – Image showing breakdown of North American Total Addressable Market by source.

Neometals’ Managing Director Chris Reed commented:

*“Neometals is understandably excited by the speed of commercial progress being made by Primobius. We recognise both the need to partner to secure access to large volumes of end-of-life LIB’s to ensure future growth and the present need to recycle significantly growing volumes of production scrap from LIB cell production in the US. Stelco is a leading supplier of steel to the Automotive OEMs and consumes scrap as part of its steel manufacturing process and presents the perfect opportunity for Primobius to enter the North American market as partners.*

*Our 10tpd commercial disposal plant in Germany addresses the needs of the LIB supply chain in Europe and builds our operating expertise as principal, further de-risking and enhancing the value of partnering with Primobius. Our impressive pipeline of development opportunities is reshaping our short-term strategy and we are prioritising market penetration over our ambitions to operate as principal. Primobius’ flexible business models remain as key unique selling points.”*

Stelco Executive Chairman and Chief Executive Officer Alan Kestenbaum said:

*“Stelco is thrilled to partner with Primobius. After an extensive search for best-in-class technology worldwide including a detailed review of Primobius’ newly commissioned plant in Hilchenbach, Germany on the premises of leading engineering firm SMS, Stelco has reached an agreement that will enable Stelco to uniquely create a closed loop system of auto recycling and provision of green steel and battery metals back to its OEM customers. With this novel approach, Stelco is uniquely positioned to provide the highest quality automotive steels available in North America as well as a greater value proposition to its customers. By providing this service, Stelco will be able to recycle end-of-life electric vehicles, converting them into green steel and recovering from their batteries high purity forms of various battery metals such as lithium , nickel, manganese, as well as others. The synergies obtained by joining the leading engineering company in the world with leading battery metals technology and with our state-of-the-art steelmaking capabilities positions Stelco as the best-in-class partner to automotive OEMs, especially those pursuing electric vehicle strategies.”*

## Deal Structure

### Key terms of the License agreement:

- The License enables Stelco SPV to use Primobius' Recycling Technology (including that of Neometals' wholly owned subsidiary ACN 630 589 507) in North America (Canada, USA, and Mexico) for an indefinite term.
- Stelco SPV has exclusive rights for batteries, cells and modules sourced wholly from end-of-life and scrapped electric vehicles in North America, other than from certain German manufacturers ("**Exclusive Field**").
- The License is non-exclusive in North America outside of the Exclusive Field.
- Primobius may grant separate licence rights to other parties outside the Exclusive Field in North America.
- Stelco must complete an engineering cost study and estimates for plant capex and opex for the proposed initial 50tpd spoke recycling plant.
- The SPV must pay Primobius a maximum 10% royalty on gross revenue earned from the use of the technology, with scope for reductions in the royalty rate depending on internal rates of returns generated, and a minimum royalty fee in cases of stalled recycling production. The License will be royalty free if Primobius exercises the Option to acquire partial ownership of the SPV.
- The License contains other commercial terms such as warranties, commercialisation obligations and termination rights (including termination rights if Stelco hasn't obtained executable term sheets for the SPV for battery feedstock and critical reagents by 31 December 2022), customary for an agreement of its nature.

### Key terms of the Option agreement:

- Primobius has the right to acquire between 25% and 50% of the equity in Stelco SPV (a Canadian domiciled corporation). The Option is exercisable by the earlier of the date that is one month after Primobius confirms "Product Readiness" for the supply of a 50tpd spoke recycling plant, or 31 December 2022. Product Readiness will be the point at which Primobius has developed a detailed deliverable design for the 50tpd spoke recycling plant.
- The option exercise price is equivalent to the pro rata share of Stelco SPV's development 'sunk costs' at time of exercise.
- There are agreed limits and restrictions on the SPV's expenditure and operations prior to Option exercise or expiry.
- Assuming Primobius exercises the Option, the SPV will be governed by a Shareholder Agreement the terms of which will be negotiated in good faith by the parties within 3 months of executing the Option agreement, in line with a set of key terms and principles set out in the Option agreement.
- The Option contains other commercial terms such as warranties, representations and termination rights, customary for an agreement of its nature.

### Partnering principles if the Option is exercised:

- Each party to contribute pro rata costs relative to their equity holding in the SPV.
- Primobius to supply and construct SPV Recycling Plants, under a formal agreement to be entered into with Primobius in due course for the construction, supply and commissioning of the equipment for the SPV Recycling Plants.
- Stelco will arrange sufficient supply of battery cell feed to the SPV Recycling Plants.
- Stelco would provide or procure sites that are suitable, and that will hold the requisite permits and approvals, for the SPV Recycling Plants. The cost of sites would be included in the shared capital costs of Stelco SPV.

## About Stelco

Established in 1910, Stelco is a low cost, integrated and independent steelmaker with one of the newest and most technologically advanced integrated steelmaking facilities in North America (with locations in Hamilton and Nanticoke, Ontario). Stelco produces flat-rolled value-added steels, including premium-quality coated, cold-rolled and hot-rolled sheet products, as well as pig iron and metallurgical coke. With first-rate gauge, crown, and shape control, as well as uniform through-coil mechanical properties, our steel products are supplied to customers in the construction, automotive, energy, appliance, and pipe and tube industries across Canada and the United States, as well as to a variety of steel service centres, which are distributors of steel products. Stelco Holdings Inc., the 100% owner of Stelco, is listed on the Toronto Stock Exchange under the symbol 'STLC'.

*Authorised on behalf of Neometals by Christopher Reed, Managing Director*

## ENDS

For further information, please contact:

### Chris Reed

Managing Director  
Neometals Ltd

T: +61 8 9322 1182

E: [info@neometals.com.au](mailto:info@neometals.com.au)

### Jeremy Mcmanus

General Manager - Commercial and IR  
Neometals Ltd

T: +61 8 9322 1182

E: [jmcmamus@neometals.com.au](mailto:jmcmamus@neometals.com.au)



## About Neometals Ltd

Neometals innovatively develops opportunities in minerals and advanced materials essential for a sustainable future. With a focus on the energy storage megatrend, the 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.

Neometals has three core projects that support the global transition to clean energy and span the battery value chain:

### Recycling and Resource Recovery:

- Lithium-ion Battery Recycling – commercialising a proprietary process for recovering nickel, cobalt and other valuable materials from spent and scrap lithium batteries. In a 50:50 incorporates JV with SMS group called Primobius GmbH. Targeting commencement of commercial operations in 10tpd plant in Germany in the MarQ 22 and a development decision on larger 50tpd plant in July 2022; and
- Vanadium Recovery – sole funding evaluation studies to form a 50:50 joint venture with Critical Metals Ltd to recover high-purity vanadium pentoxide from processing by-products (“Slag”) from leading Scandinavian steelmaker SSAB. Underpinned by a 10-year Slag supply agreement, Neometals is targeting an investment decision to develop a 200,000tpa processing plant in DecQ 2022.

### Upstream Industrial Minerals:

- Barrambie Titanium and Vanadium Project - one of the world's highest-grade hard-rock titanium-vanadium deposits, working towards a development decision in 2022 with potential operating JV partner IMUMR and potential cornerstone product off-taker, Jiuxing Titanium Materials Co.