

Option to acquire Precious Metals Waste Recovery Process and Plant in US

Highlights:

- Neometals secures option to acquire an 80% equity interest in a private US company which has developed a process to selectively recover precious metals from industrial waste streams;
- The purchase price for the 80% equity interest is approximately US\$10 million (A\$15.4M), payable by way of a combination of staged cash and equity in Neometals;
- The potential for short-term cash generation from debottlenecking the pilot plant and increasing the recovery of precious metals from waste is consistent with Neometals' strategy; and
- Neometals' technical team has completed an initial six-week variability test work program and commenced a second program in parallel with financial and legal due diligence work streams.

Sustainable process technology developer, Neometals Ltd (ASX: NMT & AIM: NMT) ("**Neometals**" or "**the Company**"), is pleased to announce it has secured an option, expiring 31 August 2024 ("**Option**" and "**Option Agreement**"), to acquire an 80% equity interest of US business, Precious Metals Recovery, LLC ("**PMR**"). PMR operates a pilot plant which demonstrates its proprietary hydrometallurgical processing flowsheet ("**PMR Technology**") to recover precious metals from industrial waste streams. The Option period allows Neometals' technical team to complete its due diligence on PMR and its business (including the PMR Technology).

The potential acquisition of a controlling interest in PMR (the "**Transaction**") is consistent with Neometals' focus on commercialising processes that produce critical materials from recycling and recovery from waste streams. This opportunity affords Neometals the ability to operate as principal and diversify its commodity and business model exposure from technology licensing of battery materials processes.

The pilot plant, located in Colorado, represents the culmination of nearly two years of research and development activities, including successful processing of over one hundred batches of industrial waste, ranging from 100 kg to 250 kg in size. The pilot plant is designed to process 2 tonnes per day and is currently capable of processing 0.5 tonnes per day. Industrial waste feedstocks are purchased from third parties on an as required basis.

Neometals Managing Director, Chris Reed says:

"Our long-term relationship with members of the PMR team has enabled us to secure this exceptional opportunity to evaluate a potential source of short-term cashflow via precious metal recovery from industrial waste. Producing precious metals from an industrial waste material is a natural hedge to our battery materials focused plant supply and technology licensing business models. We hope to confirm the technical feasibility of the PMR Technology to deliver lowest quartile operating costs and show that precious metals production can be green too."

Key Terms

The key terms of the Option are:

- Option fee of a total of US\$50,000 payable by Neometals to PMR vendors, GreenFuels Energy LLC (“**GFE**”) and STRATA Trust Company (“**STC**”), within 3 business days of execution of the Option Agreement.
- Throughout the Option period, NMT will have full access to conduct due diligence on PMR and its business (including the PMR Technology) to determine whether or not to exercise the Option.
- The Option is exercisable any time until 5.00pm Perth time on or of the 31st August 2024.
- Completion of the Transaction will occur on the date that is 5 business days after exercise of the option (**Completion Date**).
- The purchase price for acquiring 80% of the issued share capital of PMR from GFE and STC is approximately US\$10,000,000 payable as follows:
 - On the Completion Date, Neometals must:
 - issue US\$500,000 in Neometals shares (based on an ASX VWAP of Neometals shares for the 10 ASX trading days up to but excluding the business day prior to the Completion Date) to GFE;
 - pay in cash US\$400,000 to GFE and US\$2,000,000 to STC; and
 - Neometals must make three subsequent payments of US\$2.370,000 to GFE on or before the 1 year, 2 year and 3 year anniversaries of the Completion Date (each an “**Anniversary Payment**”) plus accrued interest. Each Anniversary Payment accrues interest at the rate of 5% per annum on the basis of a 365 day year, for the actual number of days elapsed from and including the Completion Date.
- Neometals’ wholly owned subsidiary Adamant Technologies Pty Ltd (“**Adamant**”) will hold the 80% interest in PMR from the Completion Date.
- From the Completion Date, PMR, Adamant and Sidvin Mintek, LLC (“**Sidvin**”) (the remaining 20% PMR shareholder and owned by the technology inventor) will be bound by a limited liability company agreement regulating the conduct of PMR on terms to be agreed between Neometals/Adamant and Sidvin.
- The Option Agreement contains other terms and conditions customary for an agreement of its nature, including warranties and representations from the Vendors and Sidvin regarding PMR, its assets and its business.

If it exercises the Option, Neometals proposes to fund the initial purchase instalment from existing cash reserves. For clarity, Neometals has made no decision to proceed with exercising the Option and in that regard is not committed to proceeding with the issue of shares (as a component of the purchase price) in relation to the Transaction. Neometals’ issuance of shares in relation to the Transaction is subject to its decision whether or not to proceed with exercising the Option, as informed by the outcome of its due diligence on PMR and its business (including the PMR Technology).

Next Steps

Neometals technical team has supervised the completion of an initial six-week variability metallurgical test work program on multiple feed sources with varying reagent and final product recovery regimes. Results from the initial program are expected in the coming weeks. A second confirmatory test work program on the most successful feedstock/reagent/recovery regimes has commenced and is targeted for completion in June 2024. Neometals will continue to update the market regarding progress on the key milestones in relation to the Transaction.

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

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About Neometals Ltd

Neometals facilitates sustainable critical material supply chains and reduces the environmental burden of traditional mining in the global transition to a circular economy.

The Company is commercialising a portfolio of sustainable processing solutions that recycle and recover critical materials from high-value waste streams.

Neometals' core focus is on the commercialisation of its patented, **Lithium-ion Battery ("LiB") Recycling technology (50% NMT)**, under a plant supply and technology licensing business model. Primobius GmbH is the 50:50 incorporated JV with 150-year-old German plant builder, SMS group GmbH, that is commercialising the technology. Primobius is building a 2,500tpa recycling plant for Mercedes-Benz under a long-term Cooperation Agreement. It also operates its own LiB disposal service in Germany and plans to offer its first commercial 21,000tpa plant to North American licensee, Stelco, in JunQ 2025.

Neometals is also developing two advanced battery materials technologies for commercialisation under low-risk, low-capex technology licensing business models:

- **Lithium Chemicals (70% NMT)** – Patented ELi™ electrolysis process, co-owned 30% by Mineral Resources Ltd, to produce battery quality lithium hydroxide from brine and/or hard-rock feedstocks at lowest quartile operating costs. Pilot scale test work and Engineering Cost Study update planned for completion in DecQ 2024; and

Vanadium Recovery (100% NMT) – Patent pending hydrometallurgical process to produce high-purity vanadium pentoxide from steelmaking by-product ("Slag") at lowest-quartile operating cost and carbon footprint.