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KEY ACQUISITION OF STRATEGIC LITHIUM PROJECT

HIGHLIGHTS

- **Acquisition of brownfields lithium exploration project 40km from Mount Marion;**
- **A combination of tenements and mineral rights covering 240 km²;**
- **Strategic addition to Neometals' spodumene sourcing pipeline to support its planned lithium hydroxide business.**

Neometals Ltd (**ASX: NMT**) ("**Neometals**") is pleased to announce that it has executed binding agreements to acquire 100% of the lithium rights of the Mt Edwards Lithium Project, for cash consideration of \$2.5M and additional contingent payments upon satisfaction of certain milestones and a royalty as described below. As part of the acquisition, Neometals will also acquire the underlying tenure to all of the tenements comprising the Mt Edwards Lithium Project (other than M15/87), together with some neighbouring tenements and the nickel rights on an adjoining nickel rights package.

The Mt Edwards Lithium Project is located 40km south of the Mount Marion Lithium Project (Neometals 13.8%, through Reed Industrial Minerals Pty Ltd). The project is located centrally within what is emerging as a highly endowed and globally significant lithium province (refer Figure 1).

Neometals is already a key participant in this region with its 13.8% interest in the Mount Marion mine and its continuing evaluation of a local lithium hydroxide facility in the Kalgoorlie region to process its offtake rights from Mount Marion (a minimum of 12.37% of production from February 2020). The acquisition of the Mt Edwards Lithium Project adds a prospective brownfield holding to the pipeline of potential additional sources of spodumene to support the strategy to build an integrated lithium business. Neometals also owns 36% of Hannans Ltd (ASX:HNR) which holds a significant tenure package at Mt Holland, adjoining Kidman Resources/SQM's Early Grey Lithium Project in the Yilgarn Region.



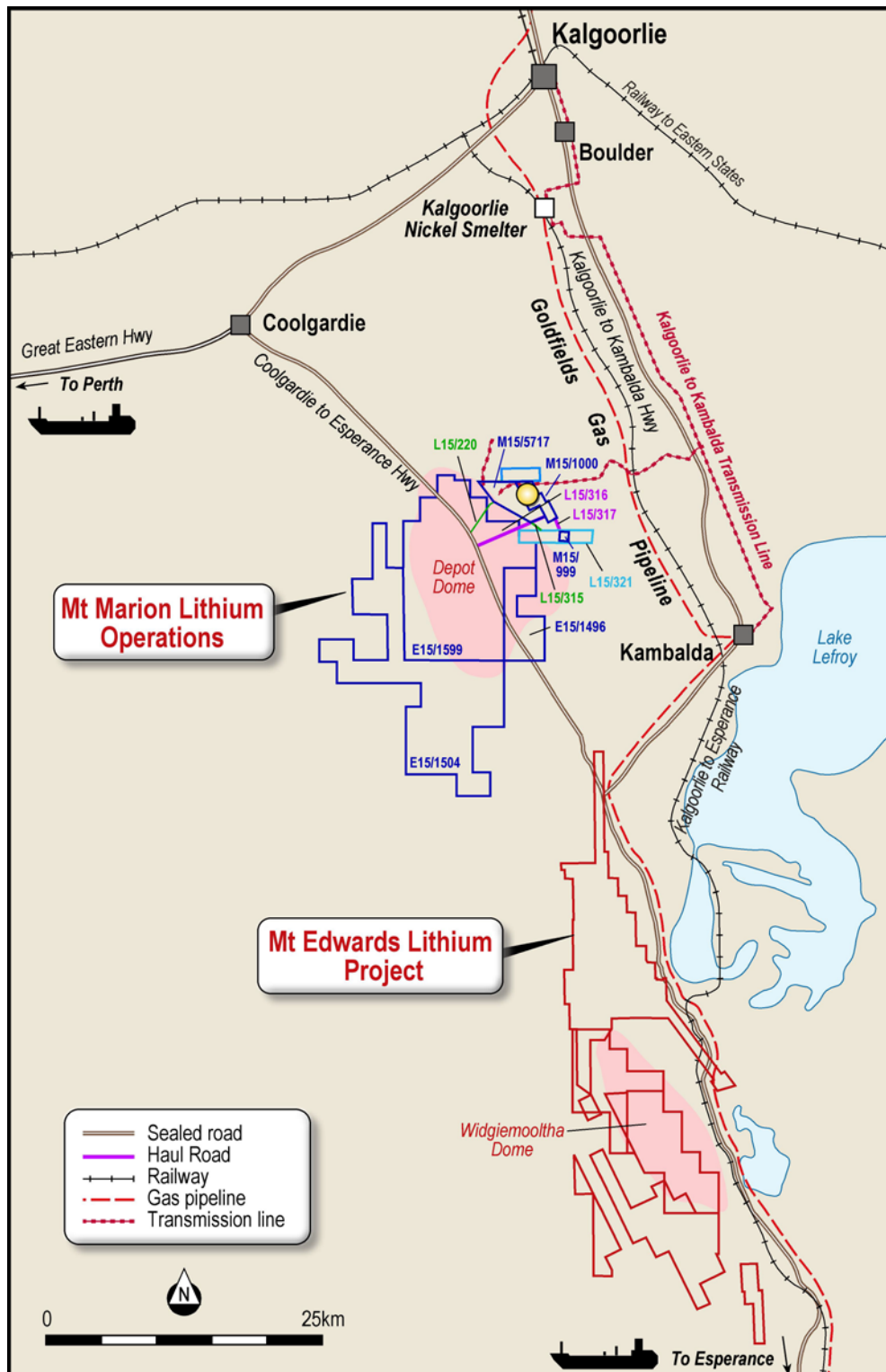


Figure 1: Project Location

Under the transaction, Neometals will acquire:

1. the 75% lithium rights owned on 20 tenements held by Mt Edwards Lithium Pty Ltd (**MEL**), and one exploration licence held by MEL, via the acquisition of all of the issued capital in MEL from ASX listed company Estrella Resources Ltd (ASX:ESR) (**Estrella**);
2. the balance of those lithium rights by acquiring ownership of 19 of the tenements on which MEL's lithium rights are held from Apollo Phoenix Resources Pty Ltd (**Apollo**), and 25% of the lithium rights on mining lease M15/87 from Estrella's other wholly owned subsidiary WA Nickel Pty Ltd; and
3. an additional 3 tenements owned by Apollo and Apollo's nickel rights on 14 neighbouring tenements.

Details of the mineral tenements are set out in **Annexure 1**. A number of third parties have interests to the other minerals on some of the tenements.

Neometals Managing Director, Chris Reed, commented:

"This acquisition will increase and broaden our lithium asset base and, subject to exploration success, will potentially provide a second source of spodumene production enabling an integrated lithium business to grow in size and scale. Our strategy is to integrate to move down the cost curve then scale the business up to meet the demands of the next decade."

The tenement package being acquired also contains several nickel assets. Neometals is in the process of validating the historical work undertaken by Apollo in relation to those nickel assets with a view to releasing details of mineral resources for those assets which are compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) (**JORC**).

Material terms of the acquisition

Under the acquisition, Neometals will pay the following consideration:

1. for the acquisition of MEL, the 2 Estrella tenements and the 25% lithium rights on M15/87, Neometals will pay Estrella the following consideration:
 - a. \$700,000 on completion of the acquisition;
 - b. \$1,000,000 upon definition of a JORC resource of 2,000,000 tonnes of ore at greater than 1% of Li₂O (uncut) on the lithium rights tenements;
 - c. \$1,000,000 upon the processing of 2,000,000 tonnes of ore at greater than 1% of Li₂O (uncut) from the lithium rights tenements; and
 - d. a royalty in the amount of \$0.50 per tonne of 75% of the amount of lithium bearing ore processed from the lithium rights tenements; and



2. for acquisition of Apollo's tenements and nickel rights, \$1.8M on completion of the transfer of all assets.

Neometals has also agreed to an on-sale right, whereby Neometals would pay Apollo 15% of any value uplift, if Neometals sold the tenement package to a third party within 24 months.

Completion of the acquisition remains conditional upon the receipt of any necessary Ministerial consents to the transfer of the tenements, together with the receipt or execution of any necessary consents and deeds of assignment/assumption in respect of the rights and obligations of third parties.

Completion is anticipated to occur within 2 to 3 months.

ENDS

For further information, please contact:

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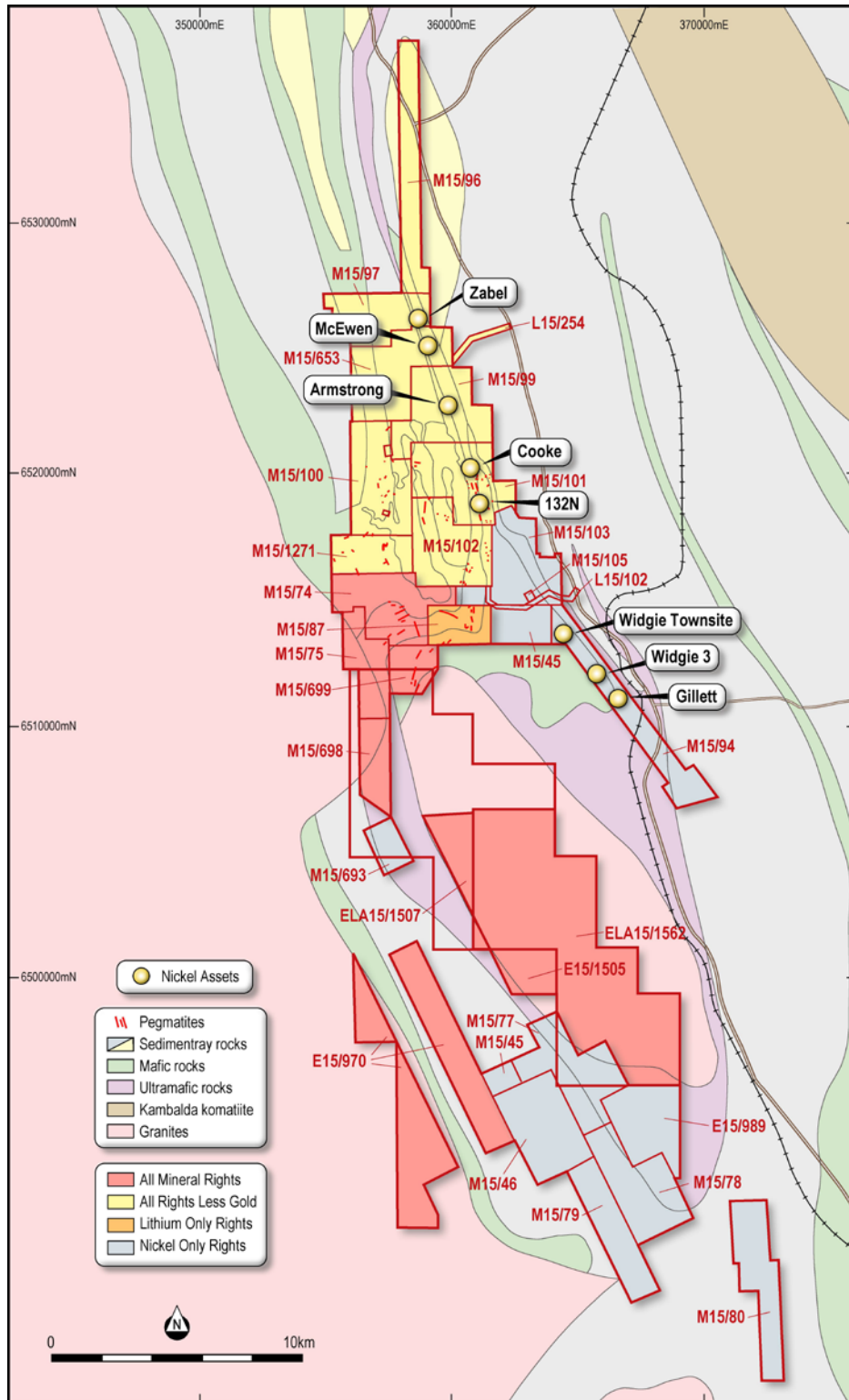
Media

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Annexure 1 – Tenement details



List of Tenements – Mt Edwards Lithium Pty Ltd Lithium Rights

	Tenement ID	Lithium Rights Interest %
1	M15/698	75
2	M15/75	75
3	M15/699	75
4	M15/87	75
5	M15/74	75
6	M15/101	75
7	M15/99	75
8	M15/653	75
9	M15/97	75
10	M15/96	75
11	M15/102	75
12	M15/100	75
13	M15/1271	75
14	E15/1505	75
15	E15/1507 (pending)	75
16	E15/1562 (pending)	75
17	E15/970	75
18	L15/102	75
19	L15/254	75
20	L15/280	75

List of Tenements – WA Nickel Pty Ltd Lithium Rights

	Tenement ID	Lithium Rights Interest %
1	M15/87	25

List of Tenements – Mt Edwards Lithium Pty Ltd

	Tenement ID	Interest %
1	E77/2397 (grant and transfer pending)	100

List of Tenements – Apollo Phoenix Resources Pty Ltd

	Tenement ID	Interest %
	Mt Edwards Pty Ltd Lithium Rights Tenements	
1	M15/698	100
2	M15/75	100
3	M15/699	100
4	M15/74	100
5	M15/101	100 (No gold interest)
6	M15/99	100 (No gold interest)
7	M15/653	100 (No gold interest)
8	M15/97	100 (No gold interest)
9	M15/96	100 (No gold interest)
10	M15/102	100 (No gold interest)
11	M15/100	100 (No gold interest)
12	M15/1271	100 (No gold interest)
13	E15/1505	100
14	E15/1507 (pending)	100
15	E15/1562 (pending)	100
16	E15/970	100
17	L15/102	100
18	L15/254	100
19	L15/280	100
	Other Tenements and Applications	Interest %
20	E77/2427 (pending)	100
21	E15/1576	100
22	E15/1583	100
	Nickel Rights Only	Nickel Right %
23	M15/633	100
24	E15/989	100
25	M15/45	100
26	M15/46	100
27	M15/48	100
28	M15/77	100
29	M15/78	100
30	M15/79	100

31	M15/80	100
32	M15/94	100
33	M15/103	100
34	M15/105	100
35	M15/478	100
36	M15/693	100