

ASX RELEASE

22 January 2015

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Agreement with Metals X increases land holding at the Mt Marion Lithium Project

Neometals Ltd (ASX: NMT) (“Neometals” or the “Company”) is pleased to announce its 70% owned subsidiary, Reed Industrial Minerals Pty Ltd (“RIM”), has entered into a binding Memorandum of Understanding (“MoU”) with Metals X Ltd (ASX:MLX) (“Metals X”) and its relevant subsidiaries, to lease the lithium mining rights over a portion of the Hampton Area Location 53 which adjoins the Mt Marion Lithium Project and to purchase an adjoining mining lease and infrastructure (the “Agreement”). The MoU contemplates formal agreements to be drafted and executed in due course. Leading mining services provider Mineral Resources Limited (ASX:MIN) (“MRL”) owns the remaining 30% of RIM and funds and operates the project through its subsidiary, Process Minerals International Pty Ltd.

The Agreement will enable RIM to explore and develop extensions of the Company’s No 2 and No 2 West Lithium Deposits, located on the northern boundary of the Mt Marion Project, with Metals X to retain the gold rights. Prior drilling at the No 2 and No 2 West deposits by RIM in 2010-11, was restricted due to the tenement boundary, however results showed the ore body remained open suggesting that lithium mineralisation continues into the newly leased tenements. The Hampton Area Location 53 hosts spodumene outcropping previously identified and mapped by Western Mining Corporation, including the No 3 Deposit.

The Agreement also includes the acquisition of an adjoining tenement (M15/717) and associated infrastructure which will provide potential tailings storage, optimal waste dump positioning and access to an existing heavy haul road.

Details of the Agreement are as follows:

- Lease period of up to 20 years, being an initial 10 year lease, with options for two 5 year extensions, for a 3 km x 1 km portion of Hampton Freehold Location 53, containing extensions to the Mt Marion Lithium Projects Deposit 2 and 2 West and former WMC Deposit 3 for approximately \$90,000 per annum (indexed to CPI) plus royalty.
- Royalty payable to Metals X of A\$2/t of ore mined and 1.5% of gross sales value of resulting concentrate produced from ores processed.
- Purchase of adjoining Mining Lease M15/717 and Miscellaneous Licence 15/220 containing the existing Mt Marion Gold Open Pit and Haul Road for \$250,000. Metals X retain all gold and access rights to the tenure and pre-emptive rights in any upstream or downstream sale.



Chris Reed, Managing Director commented:

“Securing access to Metals X’s ground significantly enhances the Mt Marion Lithium Project’s potential to become a long-life, globally significant lithium concentrate producer, and is supportive of our focused strategy to become an integrated lithium compound producer and supplier to the Lithium-ion battery industry.”

“The next step in the project’s development plan is to secure binding offtake agreements before the project partners can consider a final investment decision. Lithium’s strong demand and price fundamentals are driven by the megatrends of the electric cars and renewable energy storage.”

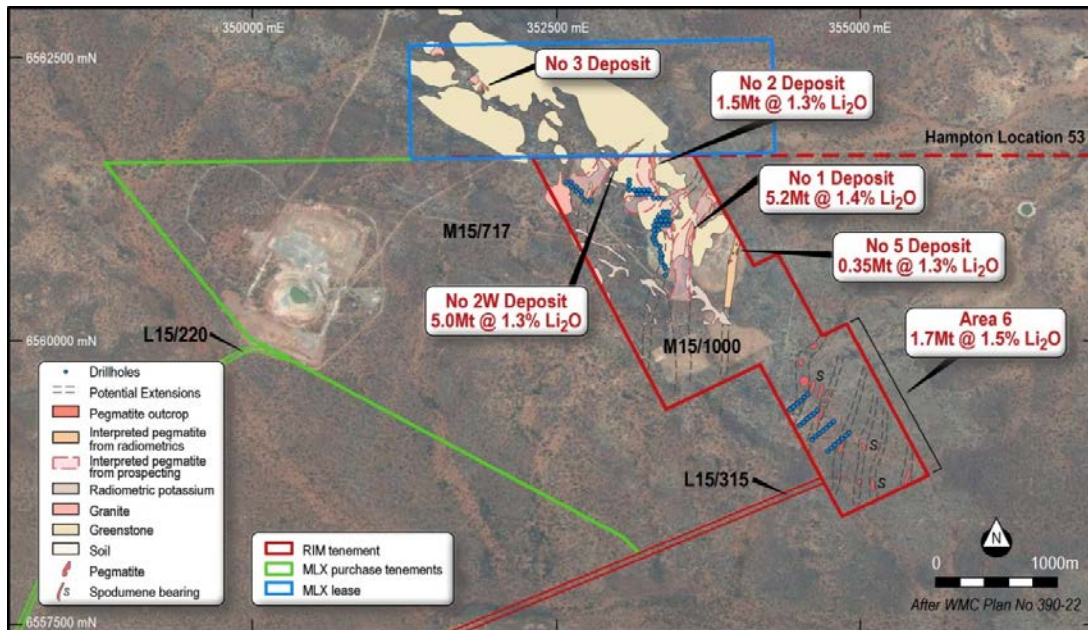


Figure 1. Geology over existing RIM tenure (red) with lease area (blue) and tenements being purchased (green).



Photo 1. Deposit 2 boundary (and powerline/track) between Hampton Location 53 (left) and RIM mining lease 15/1000 (right).

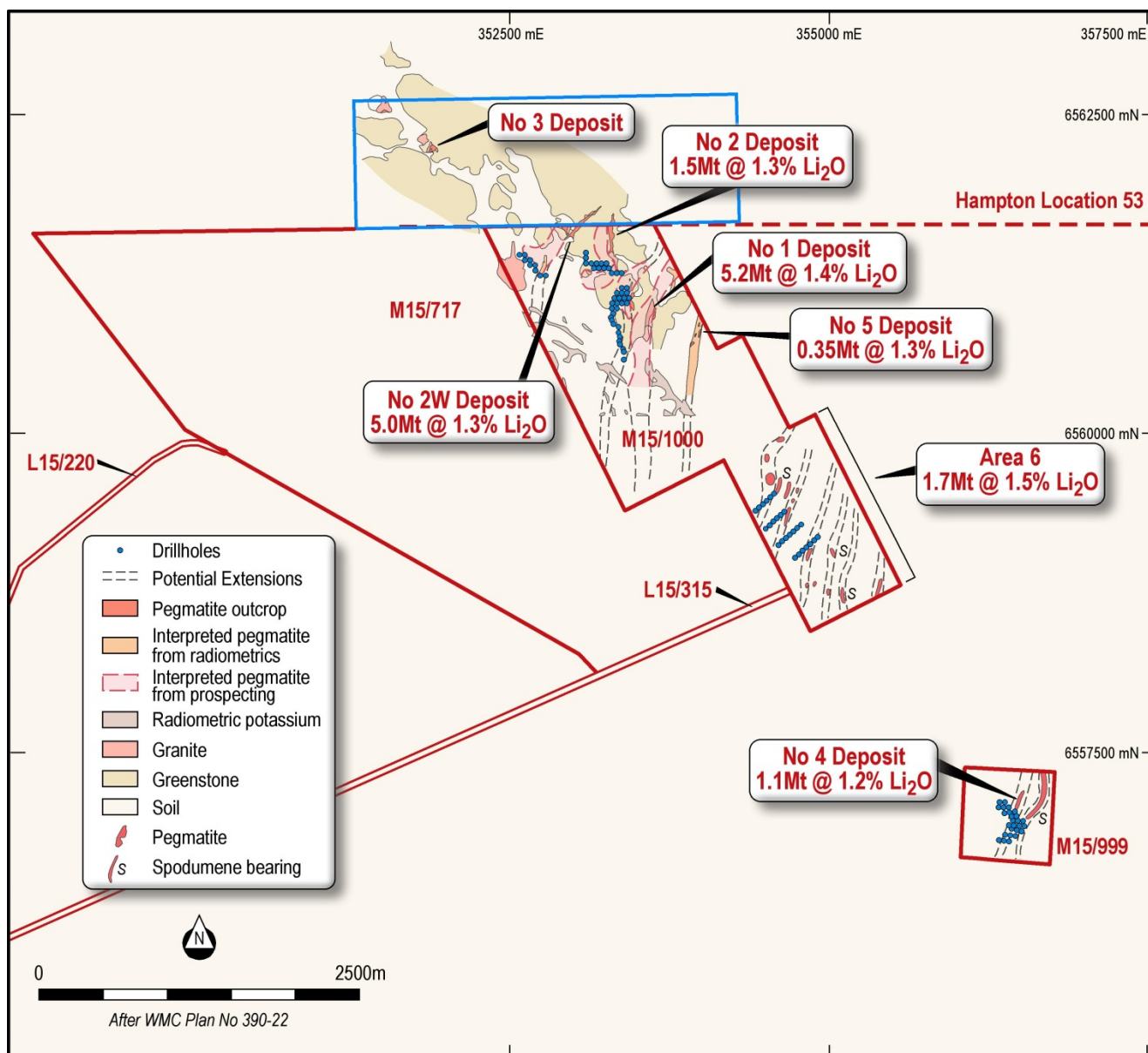


Figure 2. Lithium Targets over Interpreted Geology on part Hampton Location 53 being leased

Neometals' primary focus is to become an integrated lithium producer through the development of the Mt Marion Project (70% Neometals, 30% Mineral Resources ASX: MIN) in Western Australia.

The company's 100% owned Barrambie Titanium Project, also in Western Australia, presents a further development opportunity for the company, with the completion of a Pre-Feasibility Study scheduled for 1H 2015.

ENDS

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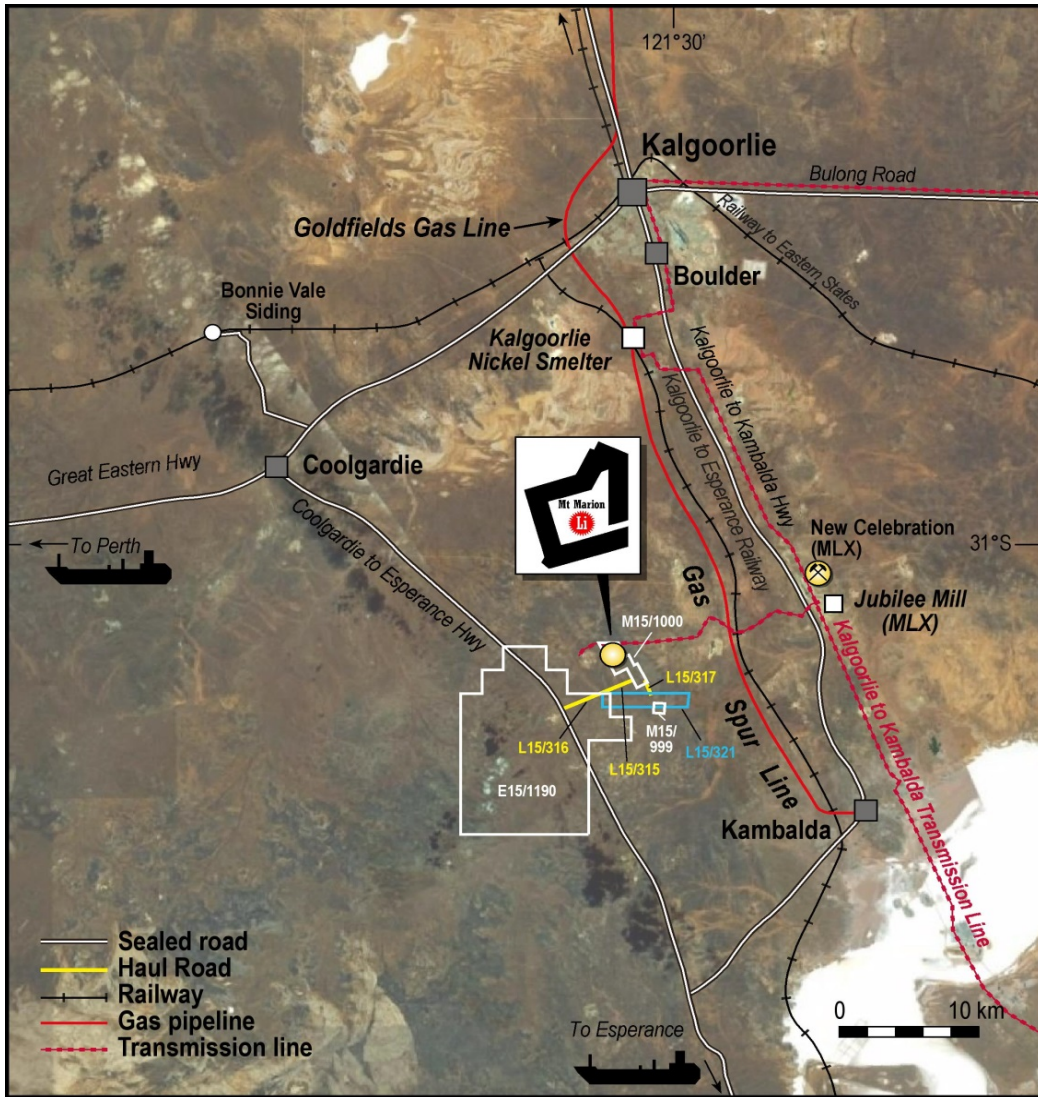


Figure 3. Existing project tenure



Figure 4. Proposed project layout

Project Area	Material type	Measured			Indicated			Inferred			Total		
		Tonnes	Li ₂ O%	Fe ₂ O ₃ %	Tonnes	Li ₂ O%	Fe ₂ O ₃ %	Tonnes	Li ₂ O%	Fe ₂ O ₃ %	Tonnes	Li ₂ O%	Fe ₂ O ₃ %
Area1	Oxide	60,000	1.19	0.67	144,000	1.26	0.82	179,000	1.2	1.0	383,000	1.2	0.9
	Transitional	658,000	1.44	0.79	727,000	1.41	1.14	353,000	1.3	1.4	1,739,000	1.4	1.1
	Fresh	666,000	1.54	0.98	1,051,000	1.41	1.31	1,379,000	1.3	1.4	3,096,000	1.4	1.3
	Subtotal	1,384,000	1.48	0.88	1,923,000	1.40	1.21	1,911,000	1.3	1.4	5,218,000	1.4	1.2
Area2	Oxide	-	0.00	0.00	-	1.64	1.19	18,000	1.3	1.1	18,000	1.3	1.1
	Transitional	-	0.00	0.00	19,000	1.42	1.50	215,000	1.3	1.4	234,000	1.3	1.4
	Fresh	64,000	1.31	1.41	385,000	1.35	1.59	833,000	1.3	1.5	1,281,000	1.3	1.5
	Subtotal	64,000	1.31	1.41	404,000	1.35	1.59	1,065,000	1.3	1.5	1,532,000	1.3	1.5
Area2W	Oxide	-	0.00	0.00	6,000	0.90	0.92	33,000	0.9	1.0	39,000	0.9	1.0
	Transitional	2,000	1.23	1.19	56,000	1.09	1.11	210,000	1.1	1.1	268,000	1.1	1.1
	Fresh	433,000	1.38	0.97	1,554,000	1.39	1.12	2,669,000	1.3	1.1	4,655,000	1.3	1.1
	Subtotal	435,000	1.38	0.97	1,616,000	1.38	1.12	2,911,000	1.3	1.1	4,963,000	1.3	1.1
Area4	Oxide	-	0.00	0.00	-	0.00	0.00	4,000	0.8	1.6	4,000	0.8	1.6
	Transitional	17,000	1.31	1.43	182,000	1.22	1.35	251,000	1.1	1.5	450,000	1.1	1.4
	Fresh	28,000	1.47	1.26	223,000	1.32	1.34	397,000	1.3	1.3	648,000	1.3	1.3
	Subtotal	45,000	1.41	1.33	405,000	1.28	1.34	652,000	1.2	1.4	1,102,000	1.2	1.3
Area5	Oxide	-	0.00	0.00	-	0.00	0.00	22,000	1.1	2.2	22,000	1.1	2.2
	Transitional	-	0.00	0.00	2,000	1.41	1.82	102,000	1.3	2.4	104,000	1.3	2.4
	Fresh	-	0.00	0.00	9,000	1.44	2.24	216,000	1.3	2.2	226,000	1.3	2.2
	Subtotal	-	0.00	0.00	11,000	1.43	2.17	340,000	1.3	2.3	351,000	1.3	2.3
Area6	Oxide	-	0.00	0.00	2,000	1.57	1.36	55,000	1.6	1.7	58,000	1.6	1.7
	Transitional	16,000	1.57	1.12	208,000	1.53	1.24	663,000	1.4	1.4	887,000	1.4	1.3
	Fresh	71,000	1.59	0.98	200,000	1.54	1.15	485,000	1.5	1.2	756,000	1.5	1.1
	Subtotal	87,000	1.59	1.01	411,000	1.54	1.20	1,203,000	1.5	1.3	1,701,000	1.5	1.3
Project	Total	2,015,000	1.45	0.93	4,769,000	1.39	1.22	8,082,000	1.3	1.3	14,866,000	1.30	1.2

Table 1. Mineral Resource Estimates for the Mt Marion Lithium deposit, as at July 2011, for a block cut-off grade of 0.3% Li₂O

Compliance Statement

The information in this report that relates to Mineral Resource Estimates at the Mt Marion Lithium Project is extracted from the ASX Announcement entitled “ Mt Marion – JORC 2012 Mineral Resource Estimate” lodged 9 December 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included on the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.