

DEVELOPMENT AGREEMENT FOR BARRAMBIE PROJECT

HIGHLIGHTS

- MOU with China's IMUMR to jointly evaluate and potentially develop Barrambie Titanium-Vanadium Project
- MOU sets out a pathway towards a commercial production JV
- IMUMR is a recognised leading metallurgical institute in China with acknowledged expertise and relations with global titanium-vanadium production houses
- Agreement supports Neometals' strategy of attracting strong partners to realise value from its globally significant assets

Neometals Ltd (ASX: NMT) ("**Neometals**" or "**the Company**") is pleased to announce that it has entered into a memorandum of understanding ("**MOU**") with Chinese research organisation, the Institute of Multipurpose Utilization of Mineral Resources Chinese Academy of Geological Sciences ("**IMUMR**") to jointly advance development of the Company's Barrambie Titanium-Vanadium Project ("**Barrambie**"). The MOU will commence with evaluation activities (including a hydrometallurgical processing demonstration plant ("**Demonstration Plant**") and outlines a potential pathway towards a 50:50 joint venture to advance the exploitation of the Barrambie Project ("**JV**"), as set out in more detail below.

IMUMR is among the top Chinese metallurgical institutes and has extensive experience in mineral processing and smelting of vanadiferous-titanomagnetite ("**VTM**") concentrates. Importantly, IMUMR also has acknowledged expertise and deep relations with China's titanium and vanadium chemical processing industry. IMUMR has previously conducted beneficiation and pyrometallurgical test-work for Neometals on bulk-ore samples from Barrambie and from those studies is intimately familiar with the Barrambie orebody.

Under the MOU, Neometals' current pilot test work program for the production of high-purity titanium and vanadium chemicals from the titanium-rich Eastern Band of Barrambie will continue with beneficiation occurring in Australia. Subject to IMUMR and the Company being satisfied with the pilot study results, and subject to a decision to proceed with the Demonstration Plant, mineral concentrate will be sent to China in the first half of 2020 for further processing. IMUMR will fund the Demonstration Plant at its extensive test work facilities in China and if the results from Demonstration Plant trials are satisfactory, the parties will jointly fund a Class 3 Engineering Cost Study ("**ECS**") to evaluate a mining and concentrating operation at Barrambie with subsequent downstream processing in China. Following completion of the ECS, the parties will review the ECS to determine whether to proceed to a FID and negotiate in good faith the terms of the 50:50 JV.

This MOU is significant as the partnership sets the stage for value realisation at Barrambie and has the potential to reduce Neometals' development costs considerably. It should also be recognised that IMUMR has a Chinese national mandate that includes development of upstream supply chains for industries of strategic relevance to China. IMUMR will have the right (subject to Neometals approval) to assign its interests under the MOU to a commercial Chinese chemical processing partner.

It is anticipated that test work and engineering studies will take approximately 18 months, leading to JV FID consideration around mid-2021.

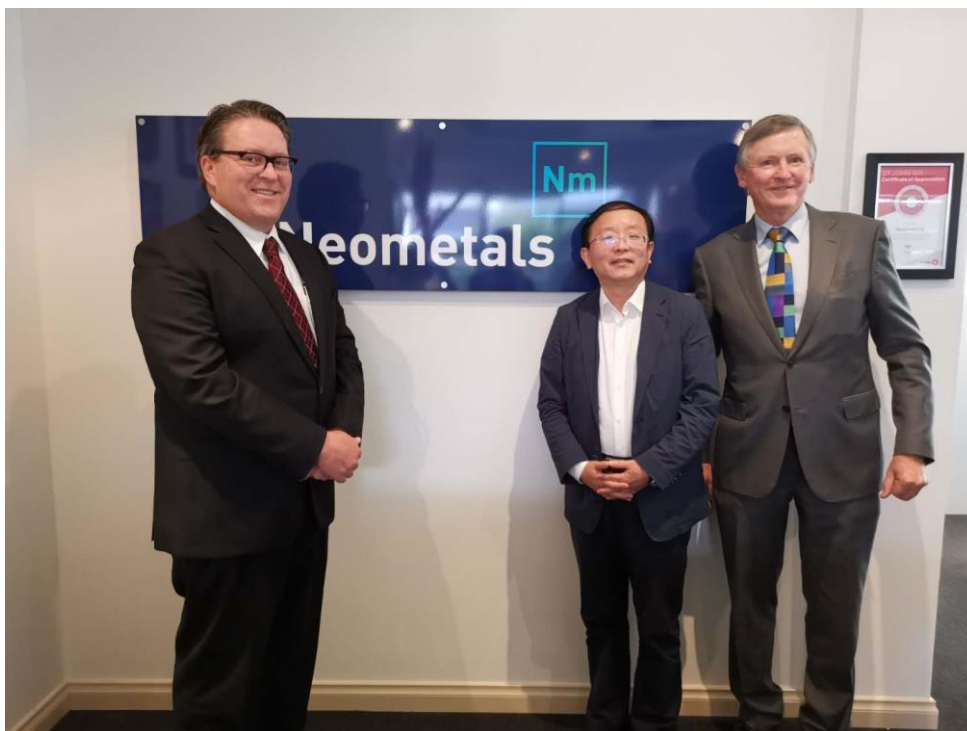


Figure 1 - Neometals Managing Director Mr. Chris Reed and Neometals Chairman Mr. Steven Cole meeting with Mr. Hu Zesong Chief Director of IMUMR Chairman and CEO of Shenghe Resources.

Neometals' Managing Director Chris Reed commented:

"We are very pleased to be partnering with a group having the calibre of IMUMR. IMUMR's commitment bodes well for further development at the Barrambie VTM project and supports the Neometals development and acquisition costs to date to prove up the Barrambie resource as one of the world's richest titanium and vanadium deposits."

China is the largest producer of titanium and vanadium chemical products in the world, with applications spanning titanium pigment, aerospace alloys and energy storage applications. Chemical producers need secure long-term sources of upstream feed sources with credentialed partners to undertake mining and beneficiation in first world jurisdictions. Neometals successfully developed its Mt Marion lithium project by building inherent value and then fast-tracking development with strong partners. We intend to adopt a consistent development approach at Barrambie, albeit retaining a more material JV interest in the operating integrated project."

Potential JV Summary

If the parties are satisfied with the outcome of the evaluation activities, the MOU contemplates that the JV will be structured with Neometals' wholly owned subsidiary Australian Titanium Pty Ltd retaining ownership of the Barrambie Project and granting the JV a right to extract, beneficiate and transport a fixed quantity of ore from the Barrambie Project, with Australian Titanium Pty Ltd receiving a commercial consideration for the ore extracted by the JV (on terms to be agreed between Neometals and IMUMR). Neometals will own a 50% JV interest in the JV's right to mine a fixed quantity of ore at Barrambie, the beneficiation plant and in the integrated chemical business in China, via a wholly owned subsidiary company.

ENDS

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About IMUMR

IMUMR, Academy of Geological Sciences of China was founded in 1964. It belongs to the Ministry of Natural Resources and the Geological Survey. Since the 1960s It has been engaged in the research and development of new technology and equipment for the comprehensive utilization of vanadium-titanium magnetite ore.

IMUMR has a Mining and Metallurgical Engineering Research Centre specializing in the comprehensive utilization of mineral resources, comprehensive evaluation and rational development. Over the past 40 years, more than 1,000 national, ministerial and provincial mineral resources comprehensive utilization technology projects have been completed. The centre has nearly 100 research and technical personnel including mineral processing (mineral engineering), metallurgy, chemical engineering, equipment, chemical processing and materials and has a first-class demonstration scale beneficiation and hydrometallurgy facility. IMUMR are renowned as the top VTM deposit research institute in China completing work for companies such as Pangang Group Vanadium Titanium & Resources Co Ltd. and Lomon Billions. IMUMR is also the largest stake owner of Shenghe Resources which is listed in Shanghai Stock Exchange (SSE: 600392). Shenghe Resources is a world-class developer, producer and supplier of rare earth resources and relevant products.



About Neometals Ltd

Neometals innovatively develops opportunities in minerals and advanced materials essential for a sustainable future. 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:

- Barrambie Titanium and Vanadium Project - one of the world's highest-grade hard-rock titanium-vanadium deposits, working towards a development decision in mid-2021;
- Lithium-ion Battery Recycling – a proprietary process for recovering cobalt and other valuable materials from spent lithium batteries. Pilot plant testing currently underway with commercial development decision expected by December 2020; and
- Lithium Refinery Project – Progressing plans for a lithium refinery development to supply lithium hydroxide to the battery cathode industry, underpinned by a binding life-of-mine annual offtake option for 57,000 tonnes per annum of Mt Marion 6% spodumene concentrate.