PRIMOBIUS ENTERS MOU FOR NORTH AMERICA WITH STELCO ("STLC") TO CONSTRUCT A PLANT FOR EXTRACTION AND RECYCLING OF BATTERY METALS

HIGHLIGHTS

- **Primobius (JV between Neometals and SMS group) enters into lithium-ion battery recycling MoU with leading Canadian steel producer Stelco Inc. (TSX: "STLC");**
- **MoU contemplates a potential 50:50 joint venture to recycle battery packs arising from end-of-life vehicle and rejected battery recycling; and**
- **MOU sets out key commercial arrangements for Primobius' first potential operation in North America with a partner capable of providing large volumes of end-of-life batteries.**

Innovative project development company, Neometals Ltd (ASX: NMT) ("**Neometals**" or "**the Company**"), is pleased to announce that Primobius GmbH ("**Primobius**"), the joint venture company owned 50:50 by Neometals and SMS group GmbH ("**SMS group**"), has executed a non-binding memorandum of understanding ("**MoU**") with Stelco Inc. ("**Stelco**"). Stelco is a wholly-owned subsidiary of Stelco Holdings Inc., a Toronto Stock Exchange ("**TSX**") listed steel manufacturing company headquartered in Hamilton, Ontario.

The MoU provides a framework towards establishing an incorporated lithium-ion battery ("**LiB**") recycling joint venture to be 50:50 owned by Primobius and Stelco ("**JV**"). Under the JV, Primobius would supply a dedicated recycling facility adjacent to Stelco's proposed vehicle recycling operation, for operation by the JV partners with equal contribution of capital costs and sharing of financial returns.

By entering into the MoU, Primobius and Stelco intend to share information, conduct due diligence, collaborate and build a business case for a long-term commercial relationship between the parties. The MoU contemplates the potential formation of a 50:50 incorporated JV to process battery cells arising primarily from scrap and end of life vehicles in North America. The facility will be modeled on Primobius' proprietary refining process following the successful completion in the SeptQ 2021, of the demonstration trials at its showcase facility at SMS Hilchenbach, Germany. Product evaluation activities will involve confirmation of the quantitative and qualitative attributes via Stelco and its potential customers, and run in parallel with product evaluation activities planned under multiple agreements secured by Primobius to date, which cover the complete suite of cathode precursor chemicals (nickel, cobalt, lithium, manganese).

This MoU with Stelco is significant and represents not only another recycling partnership validation for Primobius, but the first targeting end-of-life electric vehicle batteries. It also represents the first commercial relationship in North America, which is home to five battery megafactories in production. President Joe Biden's recently announced USD$174 billion commitment to electric vehicles affirms market forecasts for the USA to have the second largest megafactory capacity in 2025 (Source: Benchmark Mineral Intelligence – May 2021).

ACN 099 116 361
Level 1, 1292 Hay Street
West Perth WA 6005

Locked Bag 8
West Perth WA 6872

T: +61 8 9322 1182
F: +61 8 9321 0556

info@neometals.com.au
neometals.com.au

Neometals' Managing Director Chris Reed commented:

"Neometals is understandably excited by the speed of commercial progress being made by the Primobius partners. Europe remains our focal starting point however North America is a key target market and complements our existing MOU with Itochu for recycling in Japan. We welcome the opportunity to commence this co-operation with Stelco which has similar objectives as it relates to developing the circular economy. Primobius is building an impressive pipeline of potential feedstocks for future commercial operations as evidenced by this significant MOU. The Stelco focus on securing much larger end-of-life volumes of electric vehicles provides potential feed for significantly larger scale plants than those required to cater to the volumes of production scrap from lithium-ion battery cell production".

The JV, if consummated, would be formed on the following key principles:

- The JV company would be 50:50 owned by Primobius and Stelco, with each party expecting to contribute 50% each of the anticipated investment for the construction and commissioning of the facility.
- Primobius will supply and construct a recycling plant initially with a nominal 20,000tpa cell processing capacity for the JV.
- Stelco will arrange sufficient supply of battery cell feed to the plant.
- The JV and Stelco would actively plan for an expanded capacity operation to capture future increased quantities of cells if they become available.
- Stelco would provide or procure a site that is suitable, and that will hold the requisite permits and approvals, for the recycling operation. The cost of the site would be included in the shared capital costs of the JV.
- Primobius would procure a royalty free (for the duration of Primobius being a shareholder of the JV), perpetual licence to the JV to deploy Primobius' battery recycling technology at plants constructed by the JV in North America.
- The JV would enter into a formal agreement with Primobius for the construction, supply and commissioning of the equipment for the recycling plant (most likely backed by a SMS project execution team).

The agreement is a non-binding memorandum of understanding to evaluate and negotiate potential commercial arrangements. There is no guarantee that any binding formal agreements will result from the cooperation under the MoU. The MoU is valid until 31st December 2022.

About Stelco

Established in 1910, Stelco is primarily engaged in the production and sale of steel products. The Company owns and operates the newest and one of the most technologically advanced integrated steelmaking facilities in North America. Stelco steel products are supplied to customers in the construction, automotive, energy and appliance industries across Canada and the United States, as well as to a variety of steel service centres, which are regional 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

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For further information, please contact:

Chris Reed
Managing Director
Neometals Ltd
T: +61 8 9322 1182
E: info@neometals.com.au

Jeremy Mcmanus
General Manager - Commercial and IR
Neometals Ltd
T: +61 8 9322 1182
E: jmcmanus@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 four core projects with large partners that support the global transition to clean energy and span the battery value chain:

Recycling and Resource Recovery:

- Lithium-ion Battery Recycling – a proprietary process for recovering cobalt and other valuable materials from spent and scrap lithium batteries. Pilot plant testing completed with plans well advanced to conduct demonstration scale trials with 50:50 JV partner SMS group, working towards a development decision in early 2022; and
- Vanadium Recovery – sole funding the evaluation of a potential 50:50 joint venture with Critical Metals Ltd to recover vanadium from processing by-products ("Slag") from leading Scandinavian Steel maker SSAB. Underpinned by a 10-year Slag supply agreement, a decision to develop sustainable European production of high-purity vanadium pentoxide is targeted for December 2022.

Downstream Advanced Materials:

- Lithium Refinery Project – evaluating the development of India's first lithium refinery to supply the battery cathode industry with potential 50:50 JV partner Manikaran Power, underpinned by a binding life-of-mine annual offtake option for 57,000 tonnes per annum of Mt Marion 6% spodumene concentrate.

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 mid-2022 with potential 50:50 JV partner IMUMR.