

# MOU FOR POTENTIAL SECOND, LARGER VANADIUM RECOVERY PLANT

## HIGHLIGHTS

- Neometals' Vanadium Recovery Project partner Critical Metals, has entered into an MoU\* for a potential 10-year Slag supply agreement with green steel developer, H2GS AB;
- MoU agrees evaluation framework of H2GS's potential Slag and key commercial terms of a potential Slag supply agreement; and
- MoU represents an opportunity to significantly increase the scale and scope of proposed 50:50 (Neometals /Critical) incorporated JV to produce high-purity vanadium products from Slags using Neometals' proprietary technology.

Innovative project developer Neometals Ltd (ASX: NMT) ("Neometals" or "the Company") is pleased to announce its collaboration partner in the Vanadium Recovery Project, Critical Metals Ltd ("Critical") (via its wholly owned subsidiary, Recycling Industries Scandinavia AB ("RISAB")), has entered into a non-binding memorandum of understanding with H2 Green Steel (H2GS AB) ("H2GS"), for the evaluation of potential vanadium containing steel by-products ("Slag") and key commercial terms for a potential Slag supply agreement ("H2GS MOU").

H2GS is a limited liability Swedish company planning a fully integrated and automated green steel plant to be located at Boden in Northern Sweden (located 35km from Lulea). This potential new source Slag could underpin a second, larger vanadium production operation ("VRP2") capable of processing 400,000tpa of Slag. This opportunity compliments the existing agreement between Neometals and Critical for planned vanadium production in Finland to recycle Slag generated by SSAB AG ("SSAB") ("VRP1") (refer to ASX announcement titled "Neometals Signs High-Grade Vanadium Recycling Agreement" dated 6<sup>th</sup> April 2020). Further details of the terms of the H2GS MoU are set out later in this announcement.

Neometals has extensive experience in metallurgical processing of vanadium bearing feedstocks. Neometals has successfully piloted a proprietary hydrometallurgical (leaching) flowsheet for recovery of high purity vanadium from Slag ("Neometals Vanadium Recovery Technology"). The Neometals Vanadium Recovery Technology utilises conventional equipment, is subject to two pending international patent (PCT) applications over the method to recover zero-carbon high-purity vanadium chemicals via alkaline leaching to meet the highest specifications for use in aerospace alloys and energy storage applications.

The H2GS MoU is a significant opportunity as it represents another potential source of valuable feed and highlights the growth profile for application of the sustainable Neometals Vanadium Recovery Technology.

Neometals Managing Director Chris Reed commented:

*"Neometals has been working with Critical to evaluate other opportunities, to build a pipeline of suitable feedstock sources to increase future production of potentially zero-carbon, high-purity vanadium chemicals for the energy storage market. Importantly, the proposed H2GS plant and potential second Slag processing plant are located in Boden just up the road from SSAB stockpiles in Lulea. We are confident that the H2GS Slag may too contain very high-grade vanadium given the domestic source of the iron-ore feedstocks. We look forward to our collaborative working relationship with Critical to evaluate this and other potential opportunities."*

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Fig 1 – Map showing potential Vanadium Recovery Plants (Pori (SSAB Feed) and Bodén (H2GS Feed)) and SSAB Slag stockpiles

### Summary of H2GS MoU\*

Key terms of the H2GS MoU include:

- Non-binding, non-exclusive, memorandum of understanding under which the parties will collaborate, share information and enter into good faith discussions regarding the potential H2GS Slag Supply Agreement.
- The supply period will begin upon the commencement of commercial production of H2GS's planned steel operations (currently scheduled for 2024).
- The indicative volume of Slag that H2GS foresees having available from its steel operations during the proposed 10-year supply term is approximately 4 million tonnes of Slag
- Prices for Slag are variable depending on the V grade and prevailing FeV80 vanadium price, with adjustments against a reference grade of 2.2% V (3.92% V<sub>2</sub>O<sub>5</sub>) for each shipment.
- H2GS is in the process of securing environmental approvals and permits for its proposed steel operations, after which more detailed due diligence and negotiations will proceed.
- The H2GS MoU is effective until a binding H2GS Slag Supply Agreement is executed, or the H2GS MoU is terminated by the parties by mutual agreement.

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*\*Note: The H2GS MoU is a non-binding memorandum of understanding to allow RISAB to conduct due diligence and testing of H2GS Slag and sets out a framework and key commercial terms upon which H2GS and RISAB may negotiate a binding H2GS Slag Supply Agreement. There is no guarantee that any binding formal agreement will result from the collaboration under the H2GS MoU or that any binding formal agreement will reflect the key commercial terms set out in the H2GS MoU. These arrangements are subject to the commencement of H2GS' steel operations and testing, evaluation work and negotiation to be completed under the H2GS MoU.*

## About H2GS

Steel production accounts for 25% of Europe's industrial CO<sub>2</sub> emissions. Decarbonisation is a must for the industry and disruptive technology will be a key enabler. H2 Green Steel are committed to accelerating change in the industry by eliminating virtually almost all CO<sub>2</sub> emissions from the steel making process. H2 Green Steel will be a fully integrated, digitalised and automated greenfield steel plant located in Sweden. They are planning to build the first large-scale production site for fossil-free steel in collaboration with customers across multiple segments including automotive, commercial vehicle, white goods, furniture, and industrial equipment.

Earlier this year, the Company closed its initial funding series A-round at approximately USD 105 million from a group of investors for the H2 Green Steel plant, including Mercedes-Benz AG, SMS Group and Scania amongst other. The Company is founded by Vargas, which also co-founded Swedish battery company Northvolt.

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

## ENDS

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## 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 three core projects 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 nickel, cobalt and other valuable materials from spent and scrap lithium batteries. Showcase demonstration plant trials targeted for DecQ 2021 with 50:50 JV partner SMS group. Targeting a development decision in Mar Q 2022; and
- Vanadium Recovery – sole funding evaluation studies to form a 50:50 joint venture with Critical Metals Ltd to recover high-purity vanadium pentoxide from processing by-products ("Slag") from leading Scandinavian steelmaker SSAB. Underpinned by a 10-year Slag supply agreement, Neometals is targeting an investment decision to develop a 200,000tpa processing plant in DecQ 2022.

### 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 2022 with potential operating JV partner IMUMR and potential cornerstone product off-taker, Jiuxing Titanium Materials Co.