

Offtake Term Sheet with Jiuxing Titanium Executed

Highlights

- Barrambie offtake term sheet executed with Jiuxing Titanium Materials Co for both Direct Shipping Ore (“DSO”) and titanium-rich mixed gravity concentrates (“MGC”);
- Recent Pre-feasibility Study being updated to reflect the proposed development of a DSO/MGC only operation (results expected May 2023); and
- Provides clear, capital light development pathway.

Emerging sustainable battery materials producer, Neometals Ltd (ASX: NMT & AIM: NMT) (“**Neometals**” or “**the Company**”), is pleased to announce that its wholly owned subsidiary Australian Titanium Pty Ltd (“**ATi**”) has executed a term sheet (“**Term Sheet**”) outlining key principles that will form the basis for a binding take-or-pay offtake agreement (“**Offtake Agreement**”) with Jiuxing Titanium Materials (Liaoning) Co. Ltd (“**Jiuxing**”). The Term Sheet marks a key step in Neometals’ strategy to develop a mining operation at its Barrambie Project (owned by ATi) in the Murchison region of Western Australia. Jiuxing is one of the leading chloride-grade titanium slag producers in China, and is a key supplier to BAOTi HUASHEN TITANIUM INDUSTRY CO., LTD., a joint-stock enterprise controlled by BAOTi. BAOTi Huashen is also the most advanced sponge titanium full process large-scale smelting enterprise in China.

The Term Sheet has enshrined certain key commercial parameters upon which a full-form binding Offtake Agreement will be negotiated between ATi and Jiuxing:

1. **Contract Period** – 5 years from the date of first commercial scale production of DSO, encompassing a planned initial 12 months for sale and purchase of DSO and a subsequent planned 48 months for sale and purchase of MGC;
2. **Quantity** – minimum **DSO**: 1,000,000 wet tonnes, **MGC**: 800,000 wet tonnes per annum;
3. **Sales Terms** – **DSO**: actual delivered cost CIF China Main Port basis (including royalties) plus a fixed margin, **MGC**: derived from Australian Ilmenite concentrate, 55-58% TiO₂, CIF China Main Port basis, multiplied by a payability factor, subject to a fixed floor price with annual upward only adjustments with reference to the greater of relevant CPI measure and a mechanism based on Australian gas, diesel and labour indices; and
4. **Payment Terms** – Payment for deliveries shall be made to ATi by draw down against a Letter of Credit with a bank or financial institution that has a branch located in Australia.

Neometals’ Managing Director, Chris Reed, commented:

“This sets the foundation for a fast-tracked, lower capital development and offtake solution for our Barrambie project. Jiuxing has demonstrated its commitment to formalising what will be one of the world’s largest titanium mineral Offtake Agreements. Despite the state of the global economy and financial markets, demand and pricing for titanium feedstocks is strong and outpacing supply growth for the foreseeable future.

The proposed market linked pricing and floor price mechanisms provide downside protection, margin insulation and upside exposure, making a compelling case for the standalone development of Barrambie”.

The Term Sheet sets out the framework for, and is subject to finalisation of, a binding Offtake Agreement within 8 weeks (which can be extended by mutual consent), which will require board approvals within each company. The Term Sheet will lapse if the binding Offtake Agreement is not agreed within this timeframe or not extended by mutual agreement.

Next steps for Neometals include:

- Update Primero Pre-feasibility Study for a standalone DSO/MGC operation;
- Execute formal Offtake Agreement which is consistent with the Term Sheet;
- Complete strategic review to maximise and deliver shareholder value for Barramie;
- Complete variability test work and early start options for DSO; and
- Commence Feasibility Study on construction of a Beneficiation Plant to produce MGC.

Authorised for release by the Board.

ENDS

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About Neometals Ltd

Neometals is an emerging, sustainable battery materials producer. The Company has developed a suite of green battery materials processing technologies that reduce reliance on traditional mining and processing and support circular economic principles.

Neometals' three core battery materials businesses, listed below, are commercialising these proprietary, low-cost, low-carbon process technologies:

- **Lithium-ion Battery ("LIB") Recycling (50% equity)** – to produce nickel, cobalt and lithium from production scrap and end-of-life LIBs in an incorporated JV with leading global plant builder SMS group. The Primobius JV is operating a commercial disposal service at its 10tpd Shredding 'Spoke' in Germany and is the recycling technology partner to Mercedes Benz. Primobius' first 50tpd operation, in partnership with Stelco in Canada is expected to reach investment decision in Q3 2023;
- **Vanadium Recovery (72.5% equity)** – to produce high-purity vanadium pentoxide via processing of steelmaking by-product ("Slag"). Targeting a 300,000tpa operation in Pori, Finland, underpinned by a 10-year Slag supply agreement with leading Scandinavian steelmaker SSAB. Finnish project investment decision with JV partner, Critical Metals, expected Q2 2023. MOU with H2Green Steel for up to 4Mt of Slag underpins a potential second operation in Boden, Sweden; and
- **Lithium Chemicals (earning 35% equity)** – to produce battery quality lithium hydroxide from brine and/or hard-rock feedstocks using patented ELi® electrolysis process owned by RAM (70% NMT, 30% Mineral Resources Ltd). Co-funding pilot plant and evaluation studies on a 25,000tpa operation in Estarreja with Portugal's largest chemical producer, Bondalti Chemicals S.A.

APPENDIX

Background

The Barrambie Titanium and Vanadium Project in Western Australia ("**Barrambie**") is one of the largest vanadiferous-titanomagnetite ("**VTM**") Mineral Resources globally (280.1 Mt at 9.18% TiO_2 and 0.44% V_2O_5)*, containing the world's second highest-grade hard rock titanium Mineral Resource (53.6 Mt at 21.17% TiO_2 and 0.63% V_2O_5)* and high-grade vanadium Mineral Resource (64.9 Mt at 0.82% V_2O_5 and 16.9% TiO_2) subsets (referred to as the Eastern and Central Bands respectively) (*for full details refer to ASX announcement headlined "Barrambie Project - Mineral Resource Update" released on 17 April 2018 and Table 1 below).

Barrambie is located approximately 80km north-west of Sandstone in Western Australia and the Mineral Resource is secured under a granted mining lease. Neometals secured environmental approval in 2012 to mine and construct a 3.2 Mtpa processing plant (Ministerial Statement 911), extended the timeframe for implementation in 2019 (Ministerial Statement 1119) and is currently in the process of securing a further extension of the timeframe for project implementation. The project also has a granted mining proposal to extract approximately 1.2 Mtpa of mineralisation.

Neometals executed a memorandum of understanding with Jiuxing in 2021 (for full details refer to ASX announcements headlined "Barrambie - MOU for Cornerstone Concentrate Offtake" released on 16th April 2021 and "Barrambie - Pilot Plant and Offtake Update" released on 23rd December 2021). Discussions between Neometals and Jiuxing have now progressed to Term Sheet execution.

Development of the Barrambie project can be staged to reduce initial capital outlay and enable earlier cashflows.

For full details of the 2022 Pre-feasibility Study refer to the ASX announcement headlined "Robust Outcomes From Barrambie Project PFS" released on 17 November 2022 and the assumptions and qualifications set out therein.

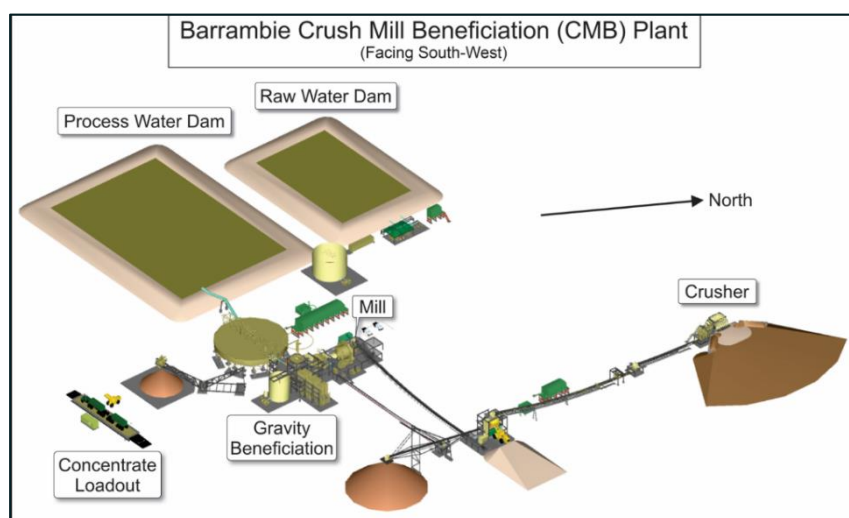


Figure 1: 3D Representation of Barrambie CMB Site

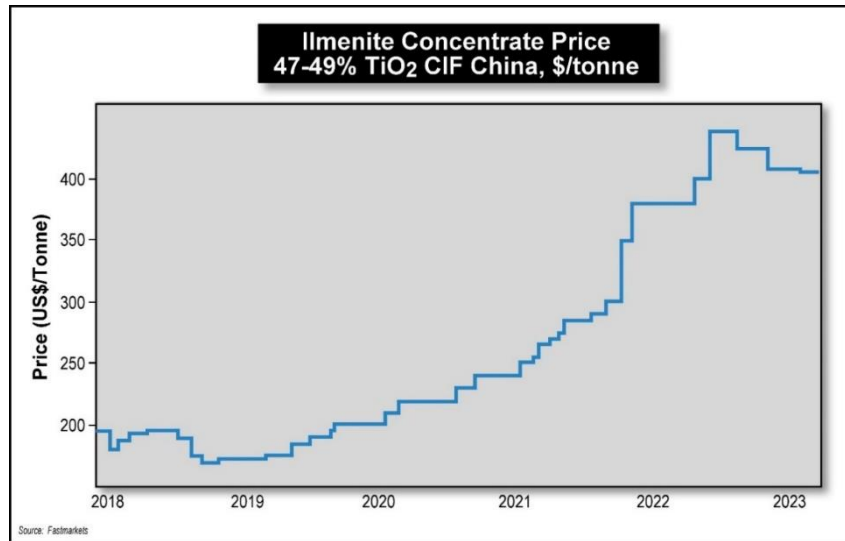


Figure 2: Upward pricing trend for ilmenite. Ilmenite is a 'benchmarked' feedstock that downstream titanium processors use for titanium metal and pigment applications. Neometals could also produce ilmenite via its LTR process. Source: Fastmarkets 1 April 2023

Table 1: Barrambie Project Mineral Resource Estimate as at April 2018 ^{1, 2}

Classification	Domain	Oxidation	Tonnes (Mt)	TiO ₂ (%)	V ₂ O ₅ (%)
Indicated	Central	Strongly oxidised	112.6	6.71	0.44
		Weakly oxidised	28.1	7.21	0.47
		Fresh	6.8	6.47	0.40
		Central sub-total	147.5	6.80	0.45
	Eastern	Strongly oxidised	26.4	19.68	0.50
		Weakly oxidised	10.0	21.45	0.56
		Fresh	3.2	19.14	0.47
		Eastern sub-total	39.6	20.09	0.51
Indicated Total			187.1	9.61	0.46
Inferred	Central	Strongly oxidised	16.0	5.32	0.39
		Weakly oxidised	18.3	6.02	0.41
		Fresh	38.8	5.76	0.38
		Central sub-total	73.1	5.73	0.39
	Eastern	Strongly oxidised	6.5	15.19	0.36
		Weakly oxidised	5.1	18.80	0.47
		Fresh	8.3	19.18	0.45
		Eastern sub-total	19.9	17.78	0.42
Inferred Total			93.0	8.31	0.40
Grand Total			280.1	9.18	0.44

1. Reporting criteria: $\geq 10\%$ TiO₂ or $\geq 0.2\%$ V₂O₅; small discrepancies may occur due to rounding
2. Mineral Resources reported are inclusive of Ore Reserves

An Ore Reserve of 44.5 Mt at 18.7% TiO_2 (Table 2) was estimated using the Guidelines of the 2012 Edition JORC Code through the selection of positive cash flow blocks within the final pit design.

Table 2: November 2022 Barrambie titanium Ore Reserve estimate

Ore Reserve Category	Ore Tonnes (Mt)	TiO_2 (%)	V_2O_5 (%)	Fe_2O_3 (%)
Probable	44.5	18.7	0.61	44.1

Cut-off is based on net value (revenue minus selling, processing, administration and incremental ore mining costs) > \$0/t on a diluted block-by-block basis from the parameters used in the pit optimisation. Ore Reserves reported are within the Mineral Resource estimates. This relates roughly to a 10% TiO_2 cut-off.

The life-of-mine strip ratio for the Ore Reserve pit design is 2.0:1 (waste:ore). The proposed resultant site layout is shown in Figure 3. Infrastructure requirements for open pit mining include a maintenance workshop for all mobile equipment, offices, crib rooms and amenities, fuel farm, water dams, and de-watering systems as required.

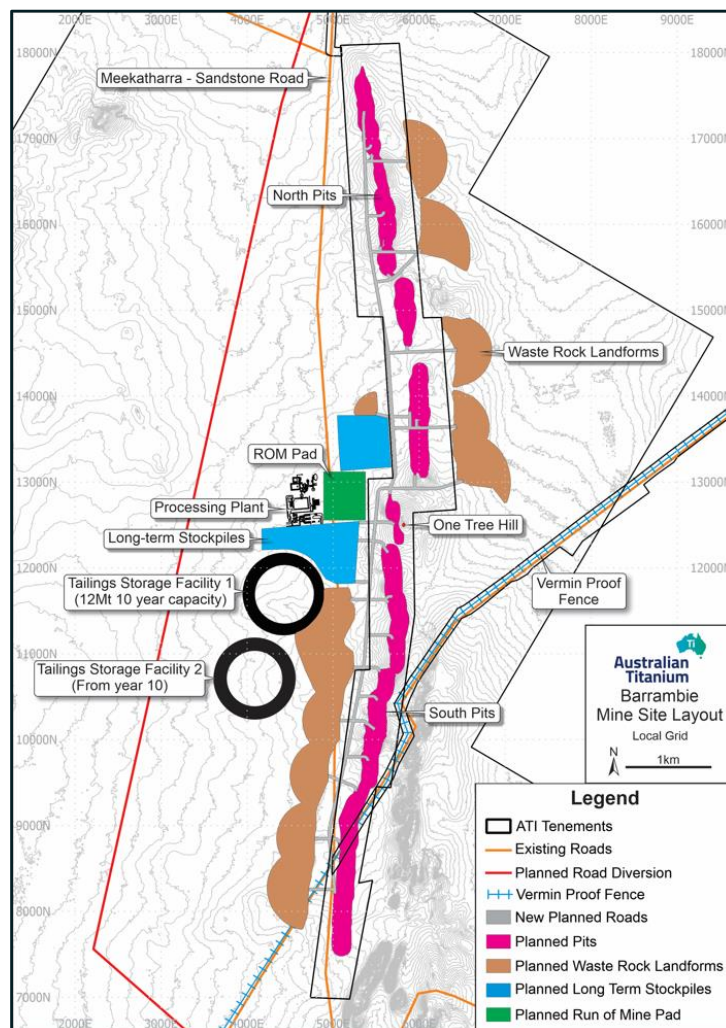


Figure 3: Overall Barrambie Mining Site Layout (local grid)



Compliance Statement

The information in this report that relates to Mineral Resource Estimates and Ore Reserve Estimates for the Barrambie Titanium/Vanadium Project is extracted from the ASX Announcements listed below, which are also available on the Company's website at www.neometals.com.au.

17/04/2018 Barrambie – Updated Barrambie Mineral Resource Estimate
17/11/2022 Robust Outcomes From Barrambie Titanium Project PFS

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.