



Neometals

30 September 2016

PARTNERS EYE DOWNSTREAM LITHIUM PROCESSING FOR KALGOORLIE

Neometals Ltd (ASX: NMT) and Mineral Resources Limited (ASX: MIN) are pleased to announce the signing of a Memorandum of Understanding (MOU) to further progress the development of a downstream lithium chemical plant in the Eastern Goldfields of WA.

Under the plan the partners would use lithium concentrate from their jointly-owned Mt Marion Project to produce a battery-quality, lithium hydroxide product suitable for direct sales to the Lithium Ion Battery industry for use in production of battery cathodes.

Having a plant located near the Mt Marion operation is expected to provide significant operational and logistical cost benefits while there would be widespread Goldfields and State economic benefits through the secondary processing of raw materials to develop high-value products.

Mineral Resources subsidiary Process Minerals International Pty Ltd (PMI) and Neometals Limited (Neometals) (collectively the JV Partners) own 43.1% and 13.8% respectively of RIM, the owner of the Mt Marion Lithium Project, and have the ability under offtake arrangements with RIM to collectively purchase 51% of total spodumene production from Mt Marion from around 2020. The remaining 49% of spodumene production from that time has already been committed for purchase by 43.1%-RIM shareholder Ganfeng Lithium Co. Ltd ("Ganfeng"). Ganfeng is obligated to purchase 100% of production from RIM in the interim.

Under the MOU, the JV Partners have agreed to jointly assess the technical and commercial feasibility of the construction and operation of a plant with nameplate capacity of 20,000 – 25,000 tpa of lithium carbonate equivalent production, utilising the conventional sulphate/caustic soda process used by leading Chinese lithium converters (including Ganfeng). The proposed process route will eliminate the need for pilot testing as Ganfeng will be processing Run-of-Mine concentrates at commercial scale from the December Quarter 2016.

The commercialisation program of the JV Partners patented ELi process will continue separately from arrangements under this MOU with primary focus on its application to traditional salar brines rather than spodumene/hard rock supply sources.

Key activities under the MoU will include:

- Front end engineering and design (FEED)
- Site selection and acquisition
- Negotiation of reagent supplies (gas, sulphuric acid, caustic soda)
- Assessment of environmental and regulatory approvals

Initial work streams under the MOU will commence immediately, with a Final Investment Decision expected by Q3 of 2017.

Neometals Managing Director, Chris Reed, commented that a lithium chemical plant located in the Eastern Goldfields would bring huge benefits to both the Mt Marion Project, the local Goldfields community and State of Western Australia: “ *With the transition of Mt Marion to production we are now confident that a downstream lithium processing plant located nearby to Mt Marion will deliver superior economic outcomes for the JV Partners with the added benefit of bring new employment opportunities to the Goldfields.*”

ENDS

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