
RESOURCES

2019

MAY QUARTERLY

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EUROZ

Neometals Ltd

(NMT \$0.225) Buy

Euroz Securities declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Neometals Ltd during the last year. Euroz Securities has received a fee for these services.

Analyst
Jon Bishop

Date
May 2019

Price Target
\$0.40/sh

Comments

- NMT successfully sold its 13.8% interest in the operating Mt Marion lithium (spodumene) mine for \$104m to the exiting JVPs. Any capital gains will be offset by the balance of corporate tax losses;
- Post a special dividend of 2cps, NMT trades in-line with its \$116m cash backing of 22cps;
- This effectively provides for no value attributable to the maturing Barrambie TiO₂-V₂O₅, Lithium Hydroxide and Battery Recycling businesses;
- We see medium term catalysts from finalisation of offtake discussions pertaining to the proposed Barrambie DSO development: This will consume very little cash to realisation;
- To that end, NMT has form in realising value from early stage asset developments, particularly in niche minerals and industrial concepts.

Val/ Sh	Li2O Ref Price									
\$0.43	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%	
AUD/USD	\$0.41	\$0.41	\$0.41	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
15%	\$0.41	\$0.41	\$0.41	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42
10%	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.43	\$0.43	\$0.43	\$0.43
5%	\$0.42	\$0.42	\$0.42	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43
0%	\$0.42	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.44	\$0.44	\$0.44	\$0.44
-5%	\$0.43	\$0.43	\$0.43	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.45
-10%	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45
-15%	\$0.44	\$0.44	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45

Val/ Sh	Li2O Ref Price									
\$0.43	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%	
LiOH	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48
15%	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48
10%	\$0.45	\$0.45	\$0.46	\$0.46	\$0.46	\$0.46	\$0.46	\$0.47	\$0.47	\$0.47
5%	\$0.44	\$0.44	\$0.44	\$0.44	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45
0%	\$0.42	\$0.43	\$0.43	\$0.43	\$0.43	\$0.43	\$0.44	\$0.44	\$0.44	\$0.44
-5%	\$0.41	\$0.41	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.42	\$0.43
-10%	\$0.40	\$0.40	\$0.40	\$0.40	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41
-15%	\$0.38	\$0.39	\$0.39	\$0.39	\$0.39	\$0.39	\$0.40	\$0.40	\$0.40	\$0.40

Investment Case

NMT has form in realising value from early stage asset developments, particularly in niche minerals and industrial concepts. Though the Barrambie Vanadium DFS does not present compelling economics in isolation, what cannot be captured and distilled is the potential valuation premium that can be placed (by 3rd Party downstream industries) on strategic minerals like Vanadium. The detail of the work undertaken by NMT on the process design and mine plan places the Company in a very strong position to engage with potential off-takers and industry with a view to financing, joint venture partnering and/or commercial agreements. Near-term completion of the NI 43-101 Technical Report will prompt active third-party engagement. And noting that the Company is valued at its cash backing - in the context of its track record of value realisation at this point of a project timeline - we view that investment at this point represents a 'free option' on value imputation for Barrambie Vanadium Production or its other ventures including development of the associated titanium at Barrambie, the Lithium Hydroxide process development and the Battery Recycling Project. The Company is now trading at its \$116m cash backing, effectively valuing the remainder of its businesses at \$0. We believe that value will crystallise for (particularly) Barrambie in the medium term for little cost given the relative maturity of the commercialisation work completed to date. We retain our Buy recommendation as a consequence and determining a SOTP Valuation of \$0.42/sh.

Our Market Sensitivity

Price Target: \$0.40/sh
Valuation: \$0.42/sh

Bull Scenario - \$1.00/sh

NMT advances to commercialisation of Barrambie DSO TiO₂ and V₂O₅ developments and commercialisation of the LiOH processing plant and commercialisation of the Li-Ion Battery Recycling process.

Base Scenario - \$0.40/sh

NMT advances to commercialisation of Barrambie DSO development or commercialisation of the LiOH processing plant or commercialisation of the Li-Ion Battery Recycling process.

Bear Scenario - \$0.20/sh

NMT fails to commercialise its TiO₂ & V₂O₅ Barrambie and downstream LiOH and Battery Recycling ventures.

Company Summary

Neometals Ltd (NMT) is primarily a minerals exploration -production company with operations in Western Australia. Key assets include the Barrambie Titanium Project and the Mt Marion Lithium spodumene mine with MIN.ASX. At Barrambie short-term catalysts relate to progressing commercially via mid-stream beneficiation and DSO. Successful commissioning of the Lithium-ion battery recycling plant and advancement of the Li-Hydroxide plant in Kalgoorlie will attract Lithium producers in a healthy macro.

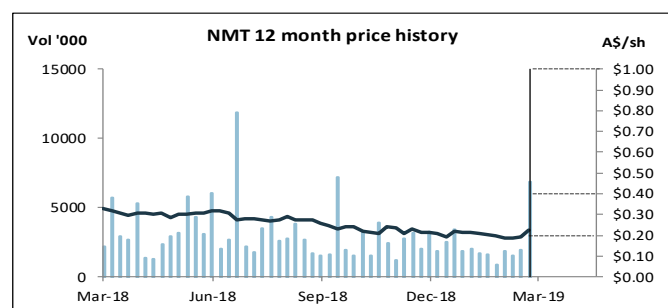
Market Statistics

Share price	\$0.225 A\$/sh
Issued Capital	
Fully Paid Ord	544 m
Options (var. prices)	- m
Total Dil. FPOrd	544 m
Market Capitalisation (dil)	\$133 m
Enterprise Value	\$3 m
Cash	\$130 m
Debt	\$0 m

Year End 30 June

Directors	
S Cole	Chair
D Reed	NE Dir
N Streltsova	NE Dir
D Ritchie	NE Dir
C Reed	MD
Shareholders	
D Reed	9.0%

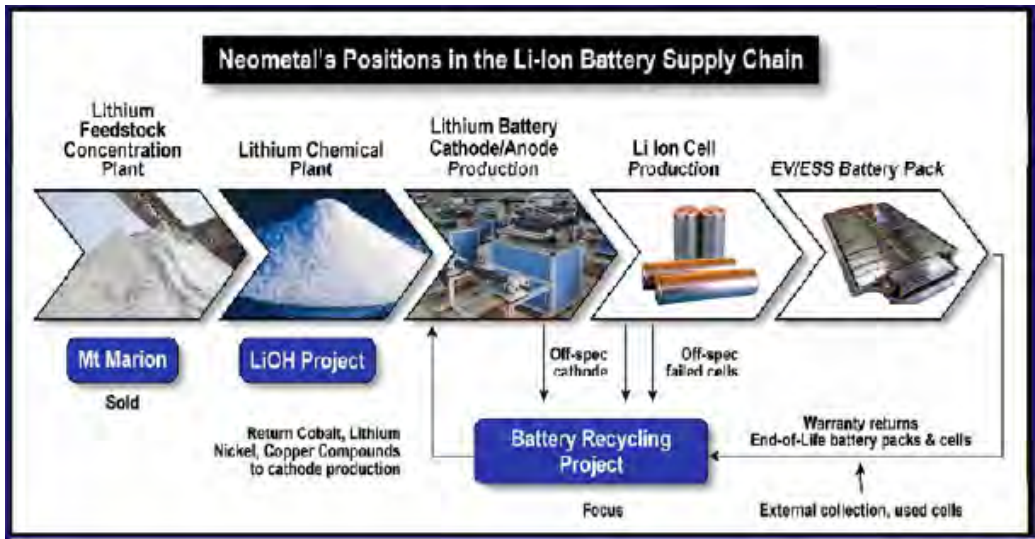
Share Price Performance



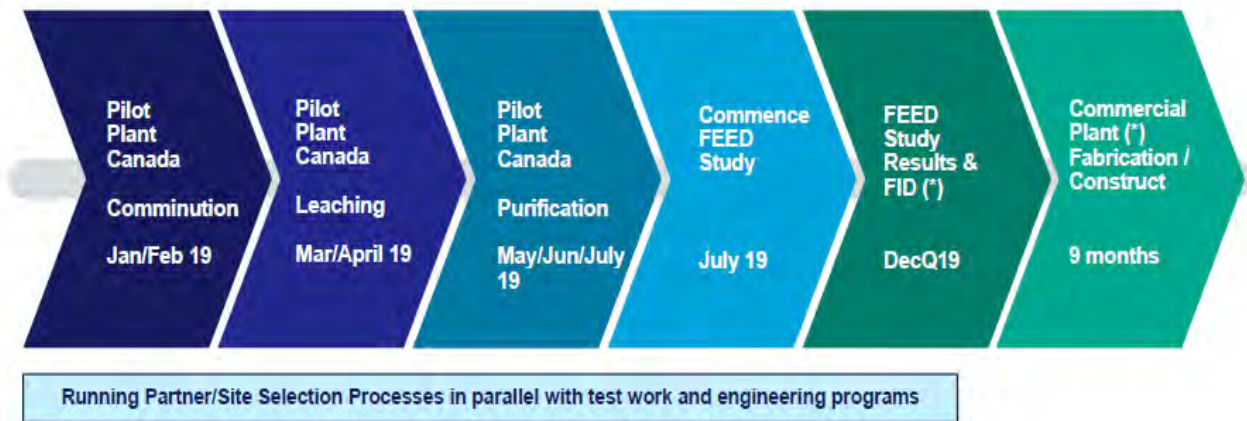
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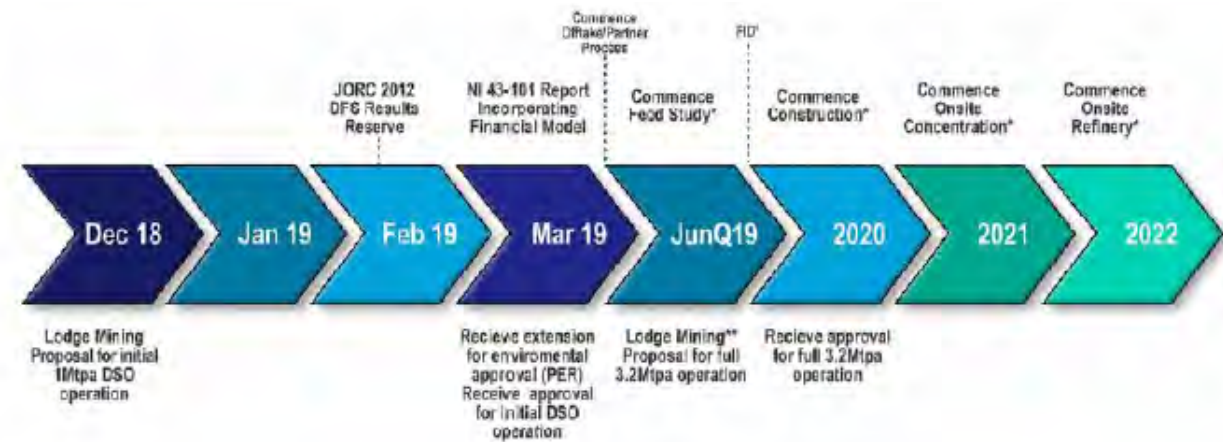
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NMT Battery Recycling Project timeline. Source: NMT Presentation, Feb 2019



NMT Battery Recycling Project timeline. Source: NMT Presentation, Feb 2019



* Subject to Board Approval. ** Subject to Grant of QPL and Receipt of Section 16 Approval.

NMT Battery Recycling Project timeline. Source: NMT Presentation, Feb 2019

Top 20 Shareholders

Mincor Resources NL

as at 30 April 2019

Shareholders	Shares (m)	(%)
1 Hishenk Pty Ltd.	9.61	4.3601
2 David Moore	4.25	1.927
3 Anthony Shields	2.60	1.1803
4 Ross Sutherland Properties Pty Ltd	2.52	1.1459
5 Norges Bank Investment Management	1.66	0.7546
6 Hua Chen Jun	1.60	0.7282
7 Dimensional Fund Advisors L.P.	1.49	0.6785
8 Lxfam Pty Ltd	1.30	0.5901
9 John Gardner	1.23	0.5595
10 Gousse Holdings Pty Ltd	1.10	0.4993
11 Marina Hill	1.08	0.4902
12 Minadore Pty Ltd	1.01	0.4604
13 David Parker	0.90	0.4085
14 Helen Parker	0.90	0.4085
15 Estate of David James Humann	0.60	0.2724
16 Michael Bohm	0.51	0.2335
17 Amanda Nayton	0.50	0.227
18 Michael Abolakian	0.40	0.1816
19 Nairy Abolakian	0.40	0.1816
20 Stephen Abolakian	0.40	0.1816
Total	34.08	15.47

Neometals Ltd

as at 30 April 2019

Shareholders	Shares (m)	(%)
1 David Reed	47.68	8.76
2 Global X Management Company LLC	9.30	1.71
3 Mirae Asset Global Investments Co., Ltd	9.06	1.67
4 Kenneth Hall	8.65	1.59
5 Alumina Limited	6.76	1.24
6 Farjoy Pty Ltd	6.59	1.21
7 Fano Pty Ltd	5.00	0.92
8 Linfoot One Super Pty Ltd	3.87	0.71
9 Richard Lockwood	3.35	0.62
10 Linfoot Two Super Pty Ltd	3.06	0.56
11 Francis Robinson	3.00	0.55
12 Christopher Reed	2.72	0.50
13 DNB Asset Management AS	1.78	0.33
14 Jason Carone	1.65	0.30
15 Maree Robinson	1.50	0.28
16 William Robinson	1.50	0.28
17 Dimensional Fund Advisors L.P.	1.29	0.24
18 Steven Cole	1.23	0.23
19 Michael Tamlin	0.98	0.18
20 Banca Credinvest SA, Asset Mgt Arm	0.60	0.11
Total	119.55	21.98

OM Holdings Ltd

as at 30 April 2019

Shareholders	Shares (m)	(%)
1 Marc Chan	80.55	10.93
2 Ngee Tong Low	67.14	9.11
3 Dino Company Limited	61.27	8.32
4 Ningxia Tianyuan Manganese Industry Co., Ltd.	58.73	7.97
5 Gang Huang	48.96	6.65
6 Newtimes Marine Co., Ltd.	40.30	5.47
7 Hanwa Co., Ltd.	32.50	4.41
8 Julie Anne Wolseley	5.56	0.76
9 Siow Kwee Heng	4.68	0.64
10 The Vanguard Group, Inc.	2.65	0.36
11 Li Bi	2.08	0.28
12 Peng Chin Tan	1.86	0.25
13 Dimensional Fund Advisors L.P.	1.26	0.17
14 Mohammad Arefpour	1.06	0.14
15 Andbank Wealth Management SGIIC S.A.U.	0.45	0.06
16 AXA Investment Managers S.A.	0.27	0.04
17 Northern Trust Global Investments	0.26	0.03
18 BlackRock, Inc.	0.21	0.03
19 Dr. Blumer & Partner Asset Management AG	0.06	0.01
20 SEI Investments Company	0.05	0.01
Total	409.90	55.64

Mount Gibson Iron Ltd

as at 30 April 2019

Shareholders	Shares (m)	(%)
1 APAC Resources Limited	374.93	33.23
2 Shougang Concord INTL Enterprises Company Ltd	154.17	13.66
3 Paradise Investment Management Pty Ltd.	57.85	5.13
4 Argyle Street Management Limited	54.72	4.85
5 Spheria Asset Management Pty Ltd	54.15	4.80
6 De Bortoli Wines Pty Limited	39.10	3.46
7 FMR LLC	38.09	3.38
8 Dimensional Fund Advisors L.P.	20.65	1.83
9 The Vanguard Group, Inc.	20.07	1.78
10 Pinnacle Fund Services Limited	19.95	1.77
11 HSBC Global Asset Mgt (UK) Limited	12.41	1.10
12 Shougang Fushan Resources Group Ltd	9.70	0.86
13 Norges Bank Investment Management	8.41	0.75
14 Jim Beyer	3.97	0.35
15 Acn 139 886 025 PTY Ltd	3.35	0.30
16 Brazil Farming Pty Ltd, Asset Mgt Arm	3.20	0.28
17 Peter Kerr	2.46	0.22
18 Timothy Kleeman	2.15	0.19
19 Crosswind Trustee Co Limited	2.00	0.18
20 David Stokes	1.90	0.17
Total	883.23	78.27

Northern Star Resources Ltd

as at 30 April 2019

Shareholders	Shares (m)	(%)
1 Van Eck Associates Corporation	82.43	12.89
2 BlackRock, Inc.	77.41	12.11
3 The Vanguard Group, Inc.	31.97	5.00
4 Norges Bank Investment Management	17.92	2.80
5 T. Rowe Price Group, Inc.	14.81	2.32
6 T. Rowe Price Associates, Inc.	14.79	2.31
7 OppenheimerFunds, Inc.	10.71	1.68
8 1832 Asset Management L.P.	7.37	1.15
9 FMR LLC	7.03	1.10
10 Dimensional Fund Advisors L.P.	6.73	1.05
11 William Beament	6.28	0.98
12 Investec Asset Management Limited	5.74	0.90
13 Merian Global Investors (UK) Limited	5.18	0.81
14 Tocqueville Asset Management LP	4.91	0.77
15 Colonial First State Asset Mgt (Aus) Ltd	4.23	0.66
16 Commonwealth Superannuation Corporation	4.13	0.65
17 Goldman Sachs Asset Management, L.P.	2.89	0.45
18 AllianceBernstein L.P.	2.83	0.44
19 USAA Investment Management Company	2.80	0.44
20 American Century Investment Mgt Inc.	2.58	0.40
Total	312.73	48.91

OreCorp Ltd

as at 30 April 2019

Shareholders	Shares (m)	(%)
1 Westoz Funds Management Pty Ltd.	24.17	11.12
2 AustralianSuper Pty Ltd	16.88	7.76
3 J.P. Morgan Asset Management, Inc.	13.03	5.99
4 Mitchell Family Trust	10.21	4.70
5 Rollason Pty Ltd.	8.44	3.88
6 Beacon Exploration Pty Ltd	5.50	2.53
7 Alastair Morrison	5.12	2.36
8 Matthew Yates	5.00	2.30
9 Universal-Investment-Gesellschaft mbH	4.71	2.16
10 JPMorgan Chase & Co	4.30	1.98
11 Precision Funds Management Pty Ltd	3.58	1.65
12 Craig Williams	2.91	1.34
13 Walloon Securities Pty Ltd	2.35	1.08
14 Perth Investment Corporation Ltd.	2.22	1.02
15 Laurlock Pty Ltd	2.00	0.92
16 Invia Custodian Pty Ltd, Asset Mgt Arm	2.00	0.92
17 Michael Klessens	2.00	0.92
18 Glyn Evans	1.75	0.80
19 Thi Van Evans	1.75	0.80
20 Karen Pittard	1.75	0.80
Total	119.66	55.04

RESOURCES QUARTERLY MAY 2019

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