

# MOU - LITHIUM REFINERY IN INDIA

## HIGHLIGHTS

- MOU with leading Indian power conglomerate to jointly evaluate the development of a lithium refinery in India
- Parties to share test-work and evaluation costs for battery grade lithium chemical production
- Opportunity for Neometals to leverage its valuable Mt Marion offtake option and lithium industry experience

Neometals Ltd (ASX: NMT) (“Neometals” or “the Company”) is pleased to announce that it has entered into a binding memorandum of understanding (“MOU”) with Indian company Manikaran Power Limited (“Manikaran”) to jointly fund the evaluation of developing the first lithium refinery in India (“Lithium Refinery”). Manikaran is the third-largest power trading and diversified renewable energy company in India.

The parties have agreed to contribute their respective skills, resources and know-how towards achieving a positive outcome from the evaluation activities and to share costs equally. Upon completion of the feasibility analysis, and subject to agreement on terms, a final investment decision (“FID”) will be considered for a 50:50 joint venture (“JV”) to progress and develop the Lithium Refinery.

A positive FID and formal JV commitment would see Neometals contributing to the venture its ‘life-of-mine’ offtake option volume (i.e. up to 57,000t per annum of 6% spodumene concentrate) (“Offtake Option”) retained as part of the Mt Marion equity sale agreement (see ASX announcement dated 15<sup>th</sup> March 2019). Additional spodumene feed would be sourced as required from external sources to meet the Lithium Refinery’s needs depending on its nameplate capacity. In the event of a positive FID and formation of a JV, Manikaran will take the lead role in procuring project financing for not less than 50% of the capital expenditure required, securing regulatory approvals and Indian government subsidies (as available), securing a suitable site for the Lithium Refinery, and securing necessary utility and reagent supplies.

This MOU is a significant step forward for Neometals in its downstream lithium processing strategy which allows the realisation of value from its Offtake Option to participate in higher value, higher margin lithium chemical production for electric vehicles, stationary energy storage and a more sustainable future.

It is estimated that the feasibility analysis will take approximately 18 to 24 months, with a FID on whether to proceed-with a potential JV likely to be considered in the first half of CY 2021.

Neometals previously completed a capital cost study on a proposed lithium refinery operation in Kalgoorlie, WA, which indicated a higher than anticipated capital intensity for the 10,000t LiOH capacity. Without prejudice to the opportunity now presented with Manikaran, Neometals is continuing its evaluation of the optimal design scale together with engineering and approvals processes to enhance the Kalgoorlie Refinery business model. In parallel, Neometals will complete pilot-scale test work to recover a zeolite product from lithium refinery waste to further improve overall project viability. Neometals has confidence in the medium-to-long term spodumene concentrate supply availability from existing and emerging mining projects in the Eastern Goldfields region to support consideration, in due course, of a larger (~20,000t LiOH capacity) conversion facility located in Kalgoorlie.

Neometals Managing Director Chris Reed said:

*“Neometals and Manikaran hold a common belief in the future demand for lithium driven by the electrification of transport and storage of renewable energy. Given India’s growth projections for electric vehicle and lithium battery manufacturing capacity, this opportunity to partner in India’s first domestic lithium development and potentially realise value from downstream processing our offtake option from Mt Marion is compelling. Manikaran has significant on-the-ground presence and commercial standing in India to assist with site location, regulations, access to finance, utilities and reagents, and is part of a group of companies with broad competencies that enhance their value proposition as partners.”*

*We will continue our strategy of disciplined evaluation and co-development of opportunities in alignment with market conditions, to optimize returns for our stakeholders.”*

### About Manikaran

Manikaran Power Limited (MPL) is a public un-listed, non-government Indian company ranked as India’s Third Largest Power Trading Company. It holds Category 1 inter-state power trading license and is a trading member of Indian Energy Exchange (IEX) and Power Exchange of India (PXIL). Apart from providing a platform for Energy trading in Exchanges, Manikaran also facilitates the transaction of short, medium and long term energy between generators and open access customers through bilateral and captive mechanism. MPL is part of 11 companies under the umbrella of Manikaran Group employing more than 500 persons which is spread across 7 cities in India with a team strength of more than 500 employees catering to Power Trading, Coal Tolling, eV Charging, Analytics, Software Development, EPC and development of Rooftop Solar Projects. Manikaran had engaged Treleven Capital in order to find a suitable partner for the JV in India.

### About India

India is the third-largest economy on a Purchasing Power Parity (PPP) basis and sixth largest on nominal GDP basis. There is currently no lithium chemical conversion capacity in India, however a number of car makers and battery cell makers are constructing facilities across the country.

India is actively exploring cost-effective and viable solutions to the problem of poor air quality in a number of its cities and has announced a target of achieving 100% Electric Vehicle sales by 2030. In addition, India is focusing on reducing its excessive dependence on oil imports.

### ENDS

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## About Neometals Ltd

Neometals innovatively develops opportunities in minerals and advanced materials essential for a sustainable future. 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:

- Barrambie Titanium and Vanadium Project - one of the world's highest-grade hard-rock titanium-vanadium deposits, working towards a development decision by end 2020;
- Lithium-ion Battery Recycling – a proprietary process for recovering cobalt and other valuable materials from spent lithium batteries. Pilot plant testing currently underway with commercial development decision expected in the March Q 2020; and
- Lithium Refinery Project – Progressing plans for a lithium refinery development to supply lithium hydroxide to the battery cathode industry, underpinned by a binding life-of-mine annual offtake option for 57,000 tonnes per annum of Mt Marion 6% spodumene concentrate.