

# Quick Comment

## Neometals Ltd (NMT \$0.17) Buy

Analyst	Date	Price Target
Jon Bishop	3 <sup>rd</sup> August 2020	\$0.35/sh

### JV Formed for the Li Battery Recycling Proprietary Process

#### Key Points

- NMT has announced that it has formed a JV with SMS Group, to be called "Primobius GmbH";
- The JV will advance NMTs proprietary Li Battery Recycling process, with the construction of demonstration plant in Germany (total capex est. €3.5m to be borne pro-rata);
- Demonstration trials are targeted for the Mar Q 2021 post commissioning (c.Jan 2021);
- Subject to satisfactory performance, the JV will complete detailed engineering and feasibility costing ahead of FID c.Mar Q, 2022 with all costs incurred and related to construction of the commercial scale plant to be borne 50:50:

#### Indicative Project Timeline – LIB Recycling



Source: Neometals Management(\*) Subject to NMT and JV Board Approval

- NMT had \$81m in Cash at Jun 30 (15cps) and an effective \$9m for significant (increasingly third party validated) optionality within its portfolio of upstream (exploration Ni) thru development (Barrambie Ti-V) and downstream processing (Li Battery, LiOH and Vanadium slag) projects.

#### Investment Thesis

The results from the pilot Battery Recycling were excellent, with very high recovery of high purity Nickel sulphate a key driver for the economic potential of NMTs proprietary flowsheet. As a consequence, the MOU with SMS Group has now progressed to a formation of a formal JV. This is a material independent validation of the Project, more-so given the Company current trades at cash backing. In general, this Project (following on from the MOUs struck for Barrambie and the LiOH concepts) continues to add weight to our favourable view of the Company's capacity to crystallise value in the early stages of new developments. And that NMT is often more advanced in these processes than the market understands. Therefore, significant free optionality exists and is maturing in the background. Buy maintained

#### Neometals Ltd (NMT)

Share Price	0.165	A\$/sh	Enterprise Value	9	A\$m
Price Target	0.35	A\$/sh	Debt	nil	A\$m
Valuation	0.35	A\$/sh	Cash	81	A\$m
Shares on issue	545.4	m(dil)	Largest Shareholder	D. Reed	8.5%
Market Capitalisation	90	A\$m			

#### Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

# Disclaimer

## Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Securities Ltd (ACN 089 314 983) ("Euroz") only. Euroz is the holder of an Australian Financial Services Licence (AFSL 243302) issued by the Australian Securities and Investments Commission ("ASIC") and is a participant of the Australian Securities Exchange Group ("ASX Group").

The information contained herein is confidential and may be legally privileged. If you are not the intended recipient no confidentiality is lost nor privilege waived by your receipt of it. Please delete and destroy all copies, and contact Euroz on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz.

## Disclaimer & Disclosure

Euroz and its associates declare that they deal in securities as part of their securities business and consequently may have a relevant interest in the securities recommended herein (if any). This may include providing equity capital market services to their issuing company, hold a position in the securities, acting as principal or agent, or make a market therein and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz declares that it may have acted as an underwriter, arranger, co-arranger or advisor in equity capital raisings, and will have received a fee for its services, for any company mentioned within this report during the last 12 months.

You should not act on any recommendation issued by Euroz without first consulting your investment advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to your investment objectives, financial situation and particular needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

## Analyst Certification

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in this research.

## Contact Details

**Euroz Securities Limited** +61 8 9488 1400

### Research Analysts

Jon Bishop - Head of Research	+61 8 9488 1481
Andrew Clayton - Resources Analyst	+61 8 9488 1427
Steven Clark - Resources Analyst	+61 8 9488 1430
Gavin Allen - Industrials Analyst	+61 8 9488 1413
Harry Stevenson - Industrials Analyst	+61 8 9488 1429
Seth Lizee - Associate Research Analyst	+61 8 9488 1414

### Institutional Sales

Andrew McKenzie - Executive Chairman	+61 8 9488 1407
Rob Black - Managing Director	+61 8 9488 1423
Jay Hughes - Executive Director	+61 8 9488 1406
Russell Kane - Executive Director	+61 8 9488 1426
Simon Yeo - Executive Director	+61 8 9488 1404
Timothy Bunney - Executive Director	+61 8 9488 1461
Peter Schwarzbach - Executive Director	+61 8 9488 1492
Stacy Kitsantas - Institutional Adviser	+61 8 9488 1486
Jayne Walsh - Institutional Adviser	+61 8 9488 1418

### Private Client Advisers

Chris Webster - Head of Private Clients	+61 8 9488 1412
Ben Statham - Executive Director	+61 8 9488 1417
Brian Bates - Executive Director	+61 8 9346 0314
Cameron Murray - Executive Director	+61 8 9488 1440
James Mackie - Executive Director	+61 8 9488 1416
Lucas Robinson - Executive Director	+61 8 9488 1424
Ryan Stewart - Executive Director	+61 8 9488 1441
Tim Lyons - Executive Director	+61 8 9346 0324
Brett Stapleton - Associate Director	+61 8 9488 1435
Giles McCaw - Associate Director	+61 8 9488 1462
Michael Bowden - Associate Director	+61 8 9346 0307
Richard Gardner - Associate Director	+61 8 9488 1444
Paul Berson - Associate Director	+61 8 9346 0314
Paul Cooper - Associate Director	+61 8 9346 0316
Ian Harrison - Investment Adviser	+61 8 9488 1422
Lauren Walker - Investment Adviser	+61 8 9488 1495
Michael Bartley - Investment Adviser	+61 8 9346 0352
Tom Kenny - Investment Adviser	+61 8 9488 1431
Zac Vinten - Associate Adviser	+61 8 9488 1473
Laurence Grescos - Associate Adviser	+61 8 9488 1419
Katrina Ryan - Associate Adviser	+61 8 9488 1453
Brandon Oosthuizen - Associate Adviser	+61 8 9488 1471

## Euroz Securities Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Securities Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.