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This document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies, as amended or re-issued from time to time (the AIM Rules for Companies), has been issued in connection with the proposed admission of the issued and to be issued Ordinary Shares to trading on AIM, a market operated by the London Stock Exchange plc (AIM). This document does not contain an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA or otherwise. This document is not an approved prospectus for the purposes of section 85 of FSMA and a copy of it has not been, and will not be, delivered to the Financial Conduct Authority (the FCA) in accordance with the Prospectus Regulation Rules or delivered to or approved by any other authority which could be a competent authority for the purposes of the Prospectus Regulation.

Neometals Ltd (the Company), and the Directors, whose names, business addresses and functions appear on page 7 of this document, accept responsibility, individually and collectively, in accordance with the AIM Rules for Companies, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as the Directors are aware and are able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading. In connection with this document, no person is authorised to give any information or make any representation other than as set out in this document.

A copy of this document will be available, free of charge, during normal business hours on any weekday (except Saturdays, Sundays and public holidays), at Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London, EC2R 7AS for a period of one month from the date of Admission. Neither the delivery of this document nor any subscription made pursuant to this document will, under any circumstances, create any implication that there has been any change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to its date. Application will be made to the London Stock Exchange for the issued and to be issued Ordinary Shares to be admitted to trading on AIM (Admission). It is emphasised that no application is being made for the Ordinary Shares to be admitted to the Official List or to any other recognised investment exchange. It is expected that Admission will take place and that dealings in Ordinary Shares will commence on 28 February 2022.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom's Financial Conduct Authority (the Official List). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. In particular, it should be remembered that the price of securities and the income (if any) from them can go down as well as up. The AIM Rules are less demanding than those of the Official List.

All subsequent written and oral forward-looking statements attributable to the Company, its directors or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not examined or approved the contents of this document.

Neometals Ltd

(Incorporated under the laws of Australia with registration number ACN 099 116 631)

Admission to trading on AIM



Nominated Adviser and Broker

The attention of investors is drawn to the risk factors set out in Part II of this document. Notwithstanding this, prospective investors should read the whole text of this document. All statements regarding the Company's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

Cenkos Securities plc (**Cenkos**) is authorised and regulated in the United Kingdom by the FCA. Cenkos is advising the Company and no one else (whether or not a recipient of this document) in connection with Admission and is acting exclusively for the Company as nominated adviser and broker for the purpose of the AIM Rules. Cenkos will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to Admission or the contents of this document. In particular, the information contained in this document has

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The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, any state securities laws in the United States or any securities laws of Canada, the Republic of South Africa or Japan or in any country, territory or possession where to offer them without doing so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain limited exceptions, be offered or sold, directly or indirectly, in the United States, Canada, the Republic of South Africa or Japan or to, or for the account limited or benefit of, any person in, or any national, citizen or resident of the United States, Canada, the Republic of South Africa or Japan. The distribution of this document outside the United Kingdom may be restricted by law and therefore persons outside the United Kingdom into whose possession this document comes should inform themselves about and observe any restrictions as to the Ordinary Shares or the distribution of this document.

The date of this document is 21 February 2022.

IMPORTANT INFORMATION

No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Cenkos or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under applicable laws and the AIM Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company, Cenkos or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under FSMA if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or any other person, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person, regarding the Company or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules, the Company will update the information provided in this document, by means of a supplement to it, if a significant new factor that may affect the evaluation of the Group by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document, and any supplement thereto, will be made public in accordance with the AIM Rules.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Directors, Cenkos, or any of their respective representatives, that any recipient of this document should purchase any Ordinary Shares. Prior to making any decision as to whether to purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section headed Risk Factors.

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA-authorised or other appropriate advisers') examination of the Company.

Cenkos, and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to, the Company or its affiliates, for which they would have received customary fees. Cenkos and their respective affiliates may provide such services to the Company and any of its affiliates in the future.

Forward looking statements

Certain statements in this document are or may constitute forward looking statements, including statements about current beliefs and expectations of the Directors. In particular, the words envisage, projects, expect, anticipate, estimate, may, should, plan, intend, will, would, could, target, believe and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future

operations and estimates and projections of the Group's financial performance. Though the Directors believe these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors should read the risk factors set out in Part II of this document.

Any forward looking statement in this document speaks only as of the date it is made. Save as required by law or regulation or the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Company's expectations or in order to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Extraction of information from the Competent Person's Report and Compliance Statement

This document contains cross-references to information contained in the Competent Person's Report set out in Part III of this document. The Company confirms that the information which has been extracted from the Competent Person's Report has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from the Competent Person's Report, no facts have been omitted which would render the extracts inaccurate or misleading. The Competent Person has reviewed the information contained in this document which relates to information contained in the Competent Person's Report and has confirmed in writing to the Company and Cenkos that the information presented is accurate, balanced and complete and not inconsistent with the Competent Person's Report.

The information in this report that relates to Mineral Resource Estimates for the Barrambie Vanadium/Titanium Project (other than the CPR) is extracted from the ASX Announcement listed below, which is also available on the Company's website at www.neometals.com.au

17/04/2018 Barrambie –Updated Barrambie Mineral Resource Estimate

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.

Figures

Various figures and percentages in tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from actual arithmetical totals of such data.

Non-IFRS measures

Certain financial measures in this document do not have a standardized meaning as prescribed by IFRS and are therefore considered non-IFRS measures. These measures may not be comparable to similar measures presented by other issuers. The additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this document constitute the Directors' estimates, using underlying data from independent third parties.

The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources such as independent research commissioned by the Company, market research and publicly available information, as described in the footnotes to such information. The Company confirms that all such information set out in this document has been accurately reproduced and that, so far as it is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified.

The Company does not make any representation or warranty as to the accuracy or completeness of such information as set out in this document. Such third-party information has not been audited or independently verified. Cenkos has not authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Cenkos for the accuracy or completeness of any market or industry data which is included in this document.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document, including capitalised terms and certain technical and other items, are defined in the section entitled Definitions and certain selected industry and technical terms used in this document are defined and explained in the section entitled Glossary.

References to the singular in this document shall include the plural and vice versa where the context requires. Any references to time in this document are to British Summer Time (BST) times, unless otherwise stated.

Unless otherwise indicated, all references in this document to "Pounds Sterling", "£", "GBP", "p" or "pence" are to the lawful currency of the United Kingdom, to "Dollars" or "AU\$" are to the lawful currency of Australia, "Euros" or "€" are to the lawful currency of the European Union and to "US Dollars" or "US\$" are to the lawful currency of the United States.

The Company prepares its financial statements in Australian Dollars. Unless otherwise indicated, the financial information contained in this document has been expressed in Australian Dollars.

In this document, references to Ordinary Shares include references to dematerialised depositary interests representing Ordinary Shares (Depositary Interests) in the context of admission of the Depositary Interests to trading on AIM.

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Directors, Secretary and Advisers

Directors	<u>Steven</u> Cole <u>Christopher</u> Reed <u>Douglas</u> Ritchie Dr <u>Jennifer</u> Purdie Dr <u>Natalia</u> Streltsova Lee Gordon (<u>Les</u>) Guthrie	Non-Executive Chairman Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
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Key Statistics

Number of Ordinary Shares on Admission	548,376,396
Closing mid-market price on ASX on 18 February 2022 (being the Latest Practicable Date)	1.32
£:AU\$ exchange rate on 18 February 2022 (being the Latest Practicable Date)	1.89
Expected market capitalisation at Admission (GBP)	£381.5 million
AIM 'ticker'	NMT
ASX 'ticker'	NMT
SEDOL	BLBF0N3
ISIN Number	AU000000NMT1
LEI Number	254900WO0PDVL8V1PY78

For the purpose of this document, the exchange rates applicable to Neometals are, unless otherwise disclosed, as follows:

AU\$: £0.53

US\$: £0.73

Expected Timetable of Principal Events

Publication and despatch of this document	21 February 2022
Admission effective and dealings in the Ordinary Shares commences on AIM	8.00 a.m. on 28 February 2022

References to time are to London time unless otherwise stated. Each of the dates in the above timetable is subject to change at the absolute discretion of the Company and Cenkos and without further notice.

Part I

Information Relating to the Company

1. Introduction

Neometals innovatively develops opportunities in minerals and advanced materials essential for a sustainable future. The Company leverages proprietary, green process technologies to develop battery materials projects with exposure to commodities most impacted by the energy storage megatrend.

Neometals builds value, de-risks and develops these long-life projects with industry partners having a strategic focus on increasing margins through integration down the value chain. Neometals has a growing suite of sustainable downstream, recovery and recycling projects, supporting the global transition to more circular supply chains and cleaner energy.

2. Group structure, history and development

Neometals was incorporated in Australia on 20 December 2001 and is headquartered in Perth, Western Australia.

Neometals is the parent entity in a group structure with thirteen subsidiaries, two joint ventures and an investment in one further associate company.

The Group structure is summarised in the table below:

Name of entity	Country of Incorporation	Relationship	Ownership interest
Reed Advanced Materials Pty Ltd	Australia	Joint arrangement	70 per cent.
Primobius GmbH	Germany	Joint arrangement	50 per cent.
Hannans Limited	Australia	Associate	32.43 per cent.
ACN 630 589 507 Pty Ltd	Australia	Subsidiary	100 per cent.
Adamant Technologies Pty Ltd	Australia	Subsidiary	100 per cent.
Alphamet Management Pty Ltd	Australia	Subsidiary	100 per cent.
Australian Titanium Pty Ltd	Australia	Subsidiary	100 per cent.
Avanti Materials Ltd	Australia	Subsidiary	100 per cent.
Ecometals Pty Ltd	Australia	Subsidiary	100 per cent.
Inneovation Pty Ltd	Australia	Subsidiary	100 per cent.
Neomaterials Pty Ltd	Australia	Subsidiary	100 per cent.
Neometals Energy Pty Ltd	Australia	Subsidiary	100 per cent.
Neometals Investments Pty Ltd	Australia	Subsidiary	100 per cent.
Urban Mining Pty Ltd	Australia	Subsidiary	100 per cent.

Neometals was listed on the ASX in July 2002 and has adopted a strategy to identify globally-relevant opportunities for selected minerals and advanced materials. The Company looks to add value through corporate and technical innovation and works with selected industry partners to fast-track developments in order to achieve optimal scale and leveraged returns.

The Company has pivoted to more sustainable resource recovery and recycling in line with growing ESG interests to manage extraction of finite virgin resources from the ground and to support the circular economy.

The Company has generated income in the past totalling AU\$40.1 million since 2019 (comprising AU\$1.7 million for the financial year ended 30 June 2019, AU\$2.1 million for the financial year ended 30 June 2020 and AU\$36.3 million for the financial year ended 30 June 2021). Through the development and subsequent disposal of assets, the Company has reported a net profit after tax for five of the past six financial years and returned AU\$82 million in value to shareholders since 2016

through dividends (totalling AU\$49.6 million, comprising AU\$11.2 million for the financial year ended 30 June 2016, comprising AU\$11.3 million for the financial year ended 30 June 2017, comprising AU\$5.4 million for the financial year ended 30 June 2018, comprising AU\$10.9 million for the financial year ended 30 June 2019, comprising AU\$10.9 million for the financial year ended 30 June 2020), an on market buy-back programme (totalling AU\$6.3 million) and an in-specie distribution associated with the demerger of Widgie Nickel Limited, which was successfully completed in September 2021.

In addition, the Company relinquished its Mount Marion spodumene offtake option in June 2021 for AU\$30 million in cash, having sold its equity stake in 2019.

3. Overview of the Group's business

Neometals has a diversified portfolio with a common project intersection across the electric vehicle and energy storage sectors. Importantly, all projects support the decarbonisation of those supply chains. The Company has pivoted away from reliance on upstream minerals towards more sustainable materials processing and recovery. Neometals has a clear strategy and is leveraging its track record and replicable development approach to drive its sustainable business model. Strong partners are co-funding all projects and Neometals has the balance sheet to finance through to investment decisions, with three reaching decision points in 2022.

The Company has four key battery materials projects that support the global transition to more circular supply chains and cleaner energy. Three with downstream focus on sustainable materials processing and recycling and one upstream mineral extraction opportunity.

Downstream Recycling and Materials Processing

A. Lithium-Ion battery recycling

The worldwide demand for rechargeable batteries continues to grow, as the technology is essential for electric vehicles, smartphones and other electronic devices. The mineral resources needed to satisfy this demand are scarce and their continued extraction may be subject to increasing environmental and regulatory constraints. Smart recycling solutions are therefore widely believed to play an important role in meeting this growing demand in a sustainable and responsible manner.

Partnering

In line with its stated strategy, Neometals has established relationships with strong industry partners to underpin and accelerate the global roll-out of its LIB recycling technology.

(a) Primobius

In July 2020, the Company established Primobius GmbH (**Primobius**) as a 50:50 incorporated joint venture with SMS Group GmbH (**SMS Group**), to which Neometals contributed five years of research and development, together with a suite of intellectual property and know-how. SMS Group is a globally recognised engineering and construction business that acts as the project delivery arm to the JV. Together, the parties bring a balance of IP and commercial experience with proven industrial plant building expertise with scale and the means to guarantee operational performance.

(b) Itochu

Primobius has a non-binding MoU with Itochu (the **Itochu MoU**) which provides a framework towards establishing a corporation for battery recycling, under which Primobius will contribute its LIB material processing capabilities. Itochu is a Japanese multi-national trading company with a strong footprint along the entire battery value chain including supply of materials and equipment to battery manufacturers and stationary energy storage systems.

Under the Itochu MoU, which is effective until 31 December 2022, Primobius and Itochu will enter into good faith discussions with a view to executing formal long-term cooperation agreements. The Itochu MoU can be summarised as:

- Itochu will supply stationary energy storage batteries to the Primobius demonstration plant; and

- Primobius will trial Itochu LIBs in the demonstration plant, to generate recycled products for analysis and evaluation by Itochu and cathode makers in Itochu's supply chain.

(c) *Stelco*

There are formal agreements in place with leading Canadian steel producer, Stelco, that contemplate a potential 50:50 joint venture to recycle battery packs arising from scrap and end-of-life vehicles in North America.

Stelco is a wholly-owned subsidiary of Stelco Holdings Inc., a Toronto Stock Exchange listed steelmaking company headquartered in Hamilton, Ontario. Stelco was established in 1910 and its products are supplied to customers in the construction, automotive, energy and appliance industries across Canada and the United States, as well as to a variety of steel service centres, which are regional distributors of steel products. Stelco is listed on the Toronto Stock Exchange with a market capitalisation of approximately C\$2.86 billion.

Primobius has executed binding licencing and option agreements with Stelco following extensive diligence and joint activities towards a significant North American LIB recycling business plan. The binding formal arrangements between the parties allow Stelco to accelerate its sourcing of battery feedstock ahead of Primobius considering equity ownership of the Stelco battery recycling special purpose vehicle (**Stelco SPV**) responsible for battery recycling operations.

Specifically, Primobius has exclusively licenced its battery recycling technology (**Recycling Technology**) to Stelco SPV (the **Licence**) in the field of end-of-life vehicle battery processing, to enable it to advance commercial LIB feedstock sourcing agreements and advance its approvals processes. Under a separate option agreement (the **Option**), Primobius can elect to acquire between 25 per cent. and 50 per cent. equity in the Stelco SPV by contributing its pro-rata share of Stelco SPV's sunk evaluation and development costs prior to exercising. If the Option is not exercised by Primobius, under the Licence, Stelco will have the exclusive rights to utilise the Recycling Technology in North America to recycle LIBs removed from end-of-life electric vehicles, and Primobius will be entitled to a gross revenue royalty.

The commercial Formal Agreements contemplate the Stelco SPV evaluating a 50tpd (18,250 tpa) integrated Shredding (**Spoke**) and Hydrometallurgical Refinery (**Hub**) located at its Lake Erie Works in Ontario, Canada. Primobius is capable of supplying the Stelco SPV a network of 50tpd Shredding plants across the licenced territory (Canada, USA, Mexico) to feed a larger scale, centralised hydrometallurgical refining Hub as and when required. The Formal Agreements with Stelco represent a significant milestone for Primobius and its strategy to become the leading LIB recycler through the establishment of a second operating base, in North America. The Stelco SPV will help meet the need for multiple large recycling facilities to manage significant anticipated volumes from end-of-life electric vehicle batteries originating from the World's fastest growing cell making jurisdiction.

Primobius

Primobius was established to co-fund and complete final stage evaluation activities to commercialise the Company's proprietary lithium-ion battery (**LIB**) recycling technology, which is described in paragraph 4A below.

SMS Group is a leading supplier of processing plants for the metal industry and is a highly capable project delivery partner which can accelerate commercialisation of the Company's technology globally. SMS Group generated revenues of €2.7 billion in the year ended 31 December 2020 and currently employs over 14,000 people across six regions globally.

Under the terms of the Primobius joint venture, SMS Group has the right of first offer to provide engineering, construction, operation and maintenance of each recycling plant Primobius undertakes. SMS Group will also, on a best endeavours basis, procure debt

financing for no less than 50 per cent. of the funding required for each recycling plant to be constructed by Primobius. The balance of the required capital expenditure for the construction of each plant will be provided by Neometals and SMS Group equally.

Neometals and SMS Group have co-funded the construction and operation of a demonstration plant and will complete an Association for the Advancement of Cost Engineering (**AACE**) Class 3 Feasibility Study. The total anticipated cost of these evaluation activities is expected to be approximately €3.5 million.

If certain technical and economic criteria are met, SMS Group will earn a 50 per cent. interest in ACN 630 589 507 (**ACN 630**), a wholly-owned subsidiary of Neometals which owns the battery recycling technology and which has granted Primobius a limited licence to undertake the evaluation activities outlined above. SMS Group and Neometals will jointly fund commercial activities required for consideration of FID for a first commercial-scale recycling plant, which is expected in 2022.

Should only one of the parties decide to proceed to commercial operations, the proceeding party will be granted a licence by ACN 630 to use the technology at a pre-agreed royalty rate, and the non-proceeding party will exit the Primobius joint venture on pre-agreed terms but will, at its election, either retain the ability to re-enter the joint venture at any stage within an 24 month period or receive a licence from ACN 630 to use the technology on its own at a pre-agreed royalty rate.

Neometals' proprietary process

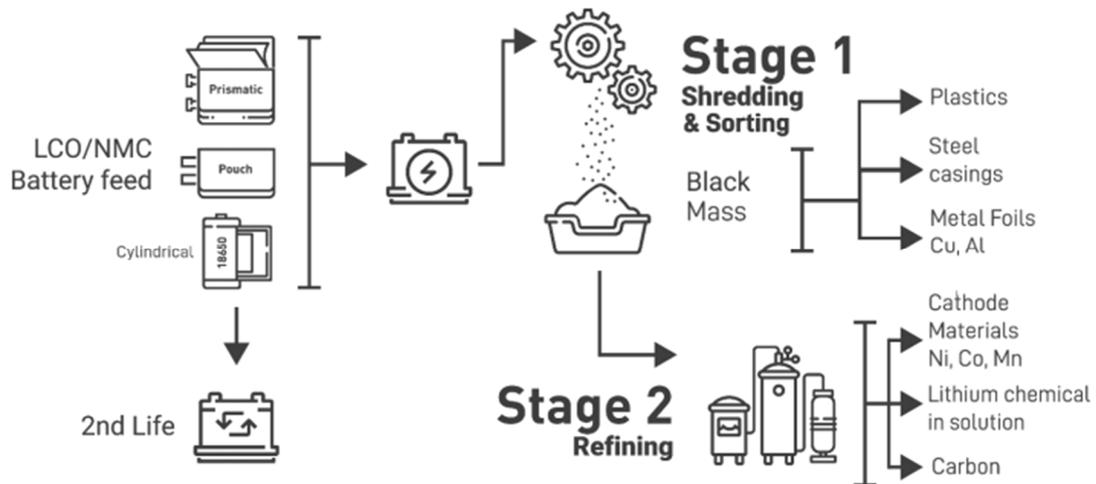
Neometals has created an innovative, proprietary process for recovering nickel, cobalt, lithium and other valuable materials from spent and scrap lithium batteries which it believes can close the last gap in the value-added battery production cycle, providing battery producers and the automotive industry with a solid planning basis and long-term supply-chain security.

Neometals has developed a sustainable flowsheet targeting the recovery of battery materials contained in production scrap and end-of-life LIBs that might otherwise be disposed of in land fill or processed in high-emission pyrometallurgical recovery circuits. Neometals' process flowsheet targets the recovery of valuable materials from consumer electronic batteries, nickel-rich EV and stationary storage battery chemistries into saleable products that can be reused in the battery supply chain.

Recycling these valuable materials allows for the substitution of primary raw materials, currently sourced through CO₂ intensive mining operations. In addition, the operation of the recycling facilities allows for the recovered products to satisfy customers' demand for the most ethically responsible sources and suppliers.

A pilot-trial at SGS Lakefield, Canada (the **Pilot**), run by Neometals in 2019/20, successfully produced cathode-grade nickel and cobalt sulphate products which collectively represent approximately 80 per cent. (by value) of the basket of products recovered. The Pilot results confirmed the recovery assumptions from a scoping study, based on earlier bench scale test-work, and highlighted robust project economics.

Figure 1: Stage 1 Process Flowsheet



Source: Neometals

The LIB Recycling Technology comprises two stages:

- **Stage 1** | shredding and beneficiation to physically separate components and remove metal casings, electrode foils and plastics from the active materials (**Shredding Circuit**); and
- **Stage 2** | leaching, purification and precipitation to deliver predominantly refined chemical products via the hydrometallurgical processing facility (**Refining Circuit**).

The Stage 1 Shredding Circuit is responsible for physically removing metal electrodes, plastic separators and casings, and produces a combination of cathode and anode materials (together, **Black Mass**) for refining in the Stage 2 Refining Circuit.

This two-stage flowsheet configuration facilitates the possibility of a hub-and-spoke system where shredding and refining activities can, if required, be independently located. Under this model, mechanical comminution of the bulky material could be performed in smaller facilities near the collection points and the processing of the black mass could be centralised in dedicated larger refining facilities to achieve economies of scale. This removes potential transport complications and reduces the risks of fire and leaking hazardous substances associated with larger accumulations of lithium-ion batteries.

Primobius has completed an AACE Class 4 Engineering Cost Study of a 20 ktpa LIB recycling plant based in Germany, based on the outcomes of the Pilot trials at SGS Lakefield, Canada.

Neometals has finalised operating and capital cost estimates for the first proposed LIB recycling operation, both of which have been estimated in line with AACE Class 4 level accuracy (± 25 per cent.) for a 50tpd, commercial-scale LIB recycling plant. There is an estimated operating cost of €1,417 (US\$1,560) per tonne and a capital cost estimate of €150 million (US\$165 million)(inc. 10 per cent. contingency).

The Primobius demonstration plant is located in SMS Group's manufacturing centre at Hilchenbach, Germany. The demonstration plant was constructed as a showcase to validate, on a continuous trial basis, the fully-integrated hydrometallurgical recycling process and the results achieved in the batch pilot trials of the individual stages. The demonstration plant trials on the Shredding Circuit (Stage 1) were undertaken at license capacity and successfully completed, significantly de-risking this aspect of the Company's proprietary process. The Stage 1 trial included processing of dummy and live battery cells from electric vehicles to generate plastic, steel and foil product streams and approximately 1.5 tonnes of Black Mass.

The Stage 2 Refining Circuit was successfully commissioned in October 2021 and trials to generate data for the pending feasibility study are due for completion in Q1 2022. The Refinery Circuit will remain available for ongoing customer refining trials and product evaluation.

Commercialisation

Post the trial on the Shredding Circuit, the Stage 1 equipment was modified and expanded and has been commissioned ready for commencement of a Hilchenbach located 10tpd battery disposal recycling service in H1 2022, subject to the grant of pending environmental permits (**10tpd Shredding Plant**).

This decision to fund Primobius to fast-track commercial operations with recycling services was made in response to customer interest. The shredder plant will set a market reference for operational capability and generate early revenue for the business from the sale of Black Mass. The 10tpd Shredder Plant can be expanded in scale and scope to include a commercial sustainable Refinery Circuit to recover and regenerate battery-grade metal sulphate chemicals for re-use in new battery production. Primobius' 10tpd Shredding Plant is expected to generate revenues from the receipt of fees to dispose of the batteries and the sale of Black Mass and the plants operation is expected to further de-risk the technology by demonstrating operational capability at a commercial scale.

The short term entry of Primobius into the European and North American industrial recycling markets is intended to establish and build market share and is an important step in its business strategy to be the sustainable industrial scale recycler of choice for carmakers and battery producers.

Primobius has approved funding to build a dedicated commercial and operational team to procure and install new equipment, to modify the currently installed demonstration plant shredder circuit and lease additional areas from SMS Group.

Primobius is in advanced commercial negotiations with third parties to secure both 'feed', via disposal service agreements, and for the sale of Black Mass, metal foils, steel and plastics produced from the 10tpd Shredding Plant. Whilst these commercial negotiations are advanced, there is no guarantee at this stage that any binding formal agreements will be entered into by Primobius. For the avoidance of doubt, the decision to fund the upgrading of processing capacity is independent of, and not conditional on the outcomes of the aforementioned negotiations. Specifically, Primobius has disclosed memorandums of understanding with Itochu Corporation of Japan (**Itochu**) and a formal technology license and a binding option agreement with Stelco Inc (**Stelco**) in North America, details of which are included in paragraph 6A below.

B. Vanadium recovery project (VRP)

Neometals is exploring opportunities to commercially apply its sustainable proprietary vanadium recovery processing flowsheet on stockpiles of vanadium bearing steel manufacturing by-product. The project team is currently pursuing two distinct supply/offtake opportunities in Scandinavia:

1. VRP 1 (SSAB feedstocks, Pori – Finland location); and
2. VRP 2 (H2GS feedstock, Boden – Sweden location).

Neometals considers the VRP offers a compelling business case which is underpinned by:

- access to very high-grade vanadium feedstocks without upstream mining costs/risk;
- potentially robust economics with the VRP 1 AACE Class 4 pre-feasibility study (**PFS**) outcomes highlighted a first quartile position on the cost curve (for full details refer to ASX announcement entitled "Vanadium Recovery Project – Outstanding PFS Results" released on 4th May 2021);
- processing flowsheet utilises conventional equipment at atmospheric pressure, mild temperatures and non-exotic materials of construction; and

- likely very low or net zero greenhouse gas footprint given:
 - a. the absence of mining and a processing route requiring the use and potential capture CO₂; and
 - b. potentially saleable carbonate by-product which sequesters CO₂;

Partnering

In line with its stated strategy, Neometals has established relationships with strong industry partners to underpin and accelerate the roll-out of its vanadium recovery technology.

(a) Critical Metals

Neometals and unlisted Scandinavian-focused explorer, Critical Metals Ltd (**Critical**), via its wholly owned subsidiary Recycling Industries Scandinavia AB (**RISAB**), are jointly evaluating the feasibility of recovering high-purity vanadium pentoxide (**V₂O₅**) from high-grade vanadium-bearing steel by-product (**Slag**) generated by Scandinavian steel producer, SSAB AB (**SSAB**), via its subsidiaries SSAB EMEA AB and SSAB Europe Oy. The parties have entered into a formal collaboration agreement where Neometals is to fund and manage evaluation activities, up to consideration of a positive investment decision leading to a 50:50 incorporated JV with RISAB.

(b) SSAB

Critical has executed a conditional Slag Supply Agreement with SSAB (the **Slag Supply Agreement**). If a positive investment decision to construct a Slag Recycling Facility is not made by 31 December 2022, or commercial production has not commenced at the Slag Recycling Facility by 31 December 2024, SSAB may terminate the Slag Supply Agreement. The Slag Supply Agreement is for 2 million tonnes of Slag and provides a secure basis for the evaluation of vanadium recovery operation without the need to build a mine and concentrator like existing primary producers (for full details refer to Neometals ASX announcement entitled “High-Grade Vanadium Recycling Agreement” released on 6th April 2020). The SSAB Slag is stockpiled in three Scandinavian locations offering a very large source of otherwise scarce vanadium feed in Europe. Importantly the feed tonnages are continuing every year courtesy of continuing SSAB operations.

(c) H2 Green Steel

In addition to the Slag Supply Agreement with SSAB, Neometals’ collaboration partner, Critical, via RISAB, has a non-binding MoU with H2 Green Steel (**H2GS**), for an additional potential Slag supply agreement (**H2GS MOU**). H2GS is planning a fully integrated and automated green steel plant to be located at Boden, in Northern Sweden. This potential new source of Slag could underpin a second, larger vanadium production operation (**VRP 2**). This opportunity compliments the existing agreement between Neometals and Critical for planned vanadium production in Finland to recycle Slag generated by SSAB.

VRP 1 (SSAB)

Neometals has experience in the metallurgical processing of vanadium bearing concentrates from its Barrambie titanium-vanadium project and has, through a wholly owned subsidiary, Avanti Materials Ltd (**Avanti**), developed a proprietary hydrometallurgical (leaching) flowsheet. The flowsheet, subject to Provisional Patent Applications, utilises conventional equipment and is tailored to recover high-purity vanadium chemicals from Slag. Extensive pilot-scale test-work completed by a Neometals contractor, Strategic Metallurgy, on multiple SSAB Slag samples has confirmed maximum recoveries exceeding 75 per cent. vanadium recovery from leaching under mild conditions.

The hydrometallurgical leaching process flowsheet has significant operational and risk advantages over the traditional pyrometallurgical (salt-roast) process, with eco-friendly sodium carbonate leaching and solvent extraction /refining circuits replacing traditional large kilns that are fired by natural gas or coal.

A completed AACE Class 4 PFS indicates a strong case for recovering vanadium from vanadium-bearing steelmaking by-products in Finland, with annual production of 13.4 million pounds of high-purity vanadium pentoxide secured by the Slag Supply Agreement.

The PFS highlights the robust economic margins with a first quartile position on the operating cost curve. The PFS was based on establishing an operation at Tahkoluoto Port, Pori in Finland. The proposed location has excellent infrastructure, including a deep-water port, and was chosen after the completion of an extensive location study. Based on 100 per cent. ownership, the PFS had a pre-tax NPV¹⁰ of US\$231 million, with total initial capital cost of US\$183 million.

The proprietary process flowsheet was developed by Neometals with the assistance of an independent metallurgical laboratory. The process is based on conventional equipment and configuration, employs a novel process and is operated at atmospheric pressure under mild temperatures.

It is anticipated that FID on the project will be made by 31 December 2022 and that, if this is positive, first production from a plant can be expected in the year to 31 December 2024.

Neometals has funded and operated a pilot plant and is now managing and funding an AACE Class 3 Feasibility Study. Pilot plant trials are now complete. Alongside this, Critical is advancing government and environmental approvals for the project and will continue to manage the relationship with SSAB. Critical has completed lodgement of the Environmental Impact Assessment and Environmental Permit for the project.

The pilot trial for the VRP was undertaken at a 1:1000 scale with a feed rate of 25kg/hr. The trials were undertaken at a commercial laboratory in Perth, Western Australia, and represent part of the pre-development activities for a proposed vanadium recovery plant. The pilot trial operated for 576 incident free hours over three campaigns, and included milling, leaching, solid liquid separation, repulp washing leach residue, pregnant leach solution (**PLS**) condition, solvent extraction, desilication and ammonium metavanadate (**AMV**) production. Higher-than-anticipated strip liquor concentrations of vanadium were consistently generated and these were processed through conventional desilication and AMV precipitation. Subsequent AMV de-ammoniation produced V₂O₅ with a purity consistently exceeding 99.5 per cent. These factors combine to have a positive implication in reducing the potential size of the purification and product handling circuit and associated operating and capital costs.

The pilot trials confirmed the optimal process flowsheet and reagent regime and Neometals has now finalised the process design package and selected engineering contractor SWECO Oy to deliver an AACE Class 3 Feasibility Study to SSAB by 30 June 2022.

VRP 2 (H2GS)

H2GS is a limited liability Swedish company planning a fully integrated and automated green *steel* manufacturing plant to be located at Boden in Northern Sweden (located 35km from Luleå). Neometals views this opportunity as complimentary to the existing agreement between Neometals and Critical for planned vanadium production in Finland to recycle Slag generated by SSAB (**VRP 1**). Neometals considers the H2GS MoU is a significant opportunity as it represents another potential source of valuable feed and highlights the growth profile for application of the sustainable Neometals Vanadium Recovery Process.

C. ELi® Lithium Process

Neometals is a 70 per cent. co-owner of Reed Advanced Materials Pty Ltd (**RAM**) with ASX listed company Mineral Resources Limited (ASX: MIN). RAM developed the process behind ELi® from concept through to semi-pilot scale testing during the past 8 years with a view to having a competitive and reliable method of large-scale lithium hydroxide and carbonate production to support efforts to decarbonise the LIB supply chain. Sourcing lithium chemical units with a reduced CO₂ footprint is a high priority for the electric vehicle industry. The process has been tested on synthetic and actual lithium sources, both hard rock and brine. A number of sources from South American continental brines have generated promising technical results with strong potential economics highlighted in cost studies.

The ELi® technology significantly reduces the requirement for (and transport of) reagents which delivers the opportunity for a step change in environmental sustainability, operating and capital costs for both spodumene and brine lithium projects. ELi® feedstock flexibility enables domestic production of lithium chemicals from the conversion of both European hard rock and imported brine concentrates ensuring an ethical and resilient local lithium supply chain for the EV battery industry.

Historically RAM has successfully completed bench scale and semi-pilot plant continuous trials and engineering studies and future development work with an industrial partner/s will validate the original development aims at pilot scale. ELi® development aims include:

- building sustainable long-term cost advantage for the production of lithium hydroxide;
- using conventional chlor-alkali equipment to produce high-purity lithium hydroxide as primary product with flexibility to produce high purity lithium carbonate at lower capital intensity than traditional flowsheet;

Reducing carbon footprint from minimising use (and transport) of high carbon footprint reagents and processing at source with renewable electricity; and

- commercialise in as principal or with partners, and generate revenue from either toll processing of lithium concentrates, sale of lithium chemicals and securing royalties from technology licensing arrangements.

Partnering

Similar to Neometals other opportunities, the Company is leveraging a green process technology with strong strategic partners. In addition to the RAM ownership outlined above, RAM entered into a binding Co-operation agreement (**Co-operation**), in December 2021, with Portugal's largest chemical producer Bondalti Chemicals, S.A (**Bondalti**).

The Co-operation contemplates the co-funding of certain evaluation activities required for a decision to form the 50:50 incorporated joint venture (**JVCo**) to construct and operate a lithium Refinery (the **Refinery**) at Bondalti's chlor-alkali operations in Estarreja, Portugal. The evaluation activities will include the construction and operation of a pilot plant in Portugal and completion of a AACE Class 2 Engineering Costs Study Front End Engineering and Design Study (**Feed Study**). Completion of the Feed Study is targeted for 30 June 2023 at a shared cost of approximately US\$4 million. Under the Co-operation RAM and Bondalti have established a Steering Committee with equal representation from both parties to oversee the conduct of the evaluation activities and establish a framework of terms for JVCo formation.

The proposed Refinery will be the first commercial operation to use RAM's ELi® Process which has successfully produced battery grade lithium hydroxide from spodumene concentrate during mini-pilot scale trials. ELi® is a process for purifying an aqueous lithium solution (lithium chloride) to produce lithium hydroxide in conventional chlor-alkali (electrolysis) cells. ELi® uses commercially available chlor-alkali equipment and has been tested for reliability in 100 and 200 hour duration continuous mini-pilot scale trials. A feasibility study for the application of the ELi® technology in a Malaysian plant was completed in 2016 (*for further details see Neometals announcement titled "Positive Lithium Downstream Processing Feasibility Results" dated 11th July 2016*).

Significantly, the Co-operation provides an industry leading partner that operates similar equipment for shared markets at industrial scale.

Key terms of the Bondalti Co-operation include:

- binding Co-operation agreement under which RAM and Bondalti will dedicate means and resources to evaluate the feasibility (technical, economic and financial) to construct and operate a Refinery to commercially deploy the ELi® Process for the generation of lithium hydroxide for future European automotive applications.
- RAM and Bondalti have established a steering committee with equal representation from both parties to oversee the evaluation activities. The parties will each be responsible for 50% of the total costs of conducting the evaluation activities.

- pursuant to the Co-operation agreement, the parties will construct and operate a pilot plant in Portugal, and if satisfied with the results of the pilot plant, complete an AACE Class 2 FEED Study for a Refinery in Estarreja. After completing the FEED Study, the parties will make a decision as to whether they wish proceed with establishing a commercial Refinery operation, and thereby establish JVCo. RAM will provide JVCo with a royalty free licence to use the ELi® Process in the Refinery operation.
- if JVCo is established, Bondalti will undertake to identify project debt funding for JVCo on best available terms and identify/apply for appropriate European Union subsidies.
- the Co-operation establishes a framework of key principles and terms for the incorporated JVCo, to be set up and owned 50:50 between RAM and Bondalti, if the evaluation activities are successful.
- for the duration of the Co-operation, the parties have agreed to deal exclusively with each other in relation to the application of electrolysis technology (including the application of the ELi® technology) for the production of lithium chemicals in the area of the European Patent Convention countries.

The Co-operation terminates on 30 September 2023 or such other date as the parties may agree in writing.

Upstream Minerals Extraction

D. Barrambie Titanium and Vanadium Project

The Barrambie titanium and vanadium project (**Barrambie**) is located approximately 80km north-west of Sandstone, Western Australia, and is one of the largest and highest grade vanadiferous-titanomagnetite (**VTM**) Mineral Resources globally. The Barrambie project contains one of the world's largest and highest-grade hard rock titanium Mineral Resource and a high-grade vanadium resource.

The Mineral Resource at Barrambie is secured under a granted mining lease, valid up to 2032, and Neometals has a granted mining proposal to extract approximately 1.2 Mtpa of ore and Ministerial Approval to construct a 3.2 Mtpa processing plant.

Table 1: Resource Estimate April 2018

Category	Gross							Net attributable							Operator
	Tonnes (Mt)	TiO ₂ (%)	V ₂ O ₅ (%)	Fe ₂ O ₃ (%)	Ti (Mt)	V (Mt)	Fe (Mt)	Tonnes (Mt)	TiO ₂ (%)	V ₂ O ₅ (%)	Fe ₂ O ₃ (%)	Ti (Mt)	V (Mt)	Fe (Mt)	
Indicated	187.1	9.61	0.46	31.8	10.78	0.48	41.6	187.1	9.61	0.46	31.8	10.78	0.48	41.6	Australian Titanium
Inferred	93.0	8.31	0.40	30.1	4.63	0.21	19.6	93.0	8.31	0.40	30.1	4.63	0.21	19.6	Australian Titanium
Total	280.1	9.18	0.44	31.2	15.41	0.69	61.1	280.1	9.18	0.44	31.2	15.41	0.69	61.1	Australian Titanium

Source: Snowden Competent Person Report

In September 2019, Neometals entered a non-binding memorandum of understanding with the Institute of Multipurpose Utilization of Mineral Resources Chinese Academy of Geological Sciences (**IMUMR**) (the **IMUMR MoU**), a Chinese research organisation, to jointly evaluate the development of Barrambie. This collaboration provides the pathway towards establishing a 50:50 operating joint venture to bring Barrambie into production.

IMUMR is among the top Chinese metallurgical institutes and has extensive experience in mineral processing and smelting of VTM concentrates and has acknowledged expertise and deep relationships with China's titanium and vanadium chemical processing industry. IMUMR also has a Chinese national mandate that includes development of upstream supply chains for industries of strategic relevance to China. Due to its established relationships with Chinese companies who may be interested in securing VTM concentrates, IMUMR has the right, subject to Neometals approval, to assign its interests under the non-binding MoU to a third party.

The current business plan for Barrambie contemplates conventional open-cut mining, comminution and gravity concentration on site at Barrambie with a mixed titanium, vanadium and iron concentrate product being shipped to China for further processing.

In June 2021, IMUMR completed trials at pilot scale to confirm that the mixed gravity concentrate can be roasted and magnetically separated into discrete ilmenite and iron-vanadium concentrates. These concentrates from the pilot trials will be used in the evaluation by potential offtake parties for the balance of potential production.

In April 2021, the Company executed a non-binding MoU with Jiuxing Titanium Materials (Liaoning) Co. Ltd (**Jiuxing**), one of the leading titanium Slag producers in China, which contemplates Neometals supplying a mixed gravity concentrate or separate ilmenite and iron vanadium concentrate from Barrambie to Jiuxing. Under the terms of the non-binding MoU, Neometals will mine a bulk sample from Barrambie and deliver approximately 100 tonnes of mixed concentrate to Jiuxing for commercial-scale batch smelting in its titanium smelter in Q2 2022. Following satisfactory completion of Jiuxing's testing and technical due diligence, the non-binding MoU contemplates the parties negotiating and entering into a binding formal offtake agreement for the supply of 800,000 dtpa of mixed gravity concentrate or 500,000 dtpa of ilmenite and 275,000 dtpa of iron-vanadium concentrate, on a take-or-pay basis for a period of five years from first sale pursuant to the offtake agreement. The parties are targeting execution of binding formal agreements in Q4 2022.

Neometals has advanced its early contractor engagement process, with leading service providers conducting due diligence in preparation of proposals for the provision of a complete mine-to-port solution under a 'build-to-operate' style arrangement. The 'build-to-operate' model being proposed is the same as was successfully implemented by Neometals and its partners to develop the Mt Marion Lithium Project in 2015, which is now a globally significant producer of spodumene concentrates.

Partnering

In line with its stated strategy, Neometals has established relationships with strong industry partners to support the path to commercialisation of the Barrambie project.

(a) IMUMR

IMUMR has managed and funded pilot trials to prove a simple Barrambie gravity concentrate can be roasted and separated into discrete saleable products. The testwork was successfully completed in April 2021 and provides strong support regarding the 'value in use' of Barrambie products.

(b) Jiuxing

Neometals also entered into a non-binding MoU with Jiuxing Titanium Materials (Liaoning) Co. Ltd (**Jiuxing** and, the **Jiuxing MoU**), one of the leading chloride-grade titanium slag producers in China. Jiuxing has been operating since 2008 and is the strategic partner and chloride-grade supplier to leading chloride-grade titanium pigment producers including CITIC Titanium Industry Co., Ltd and China BaoTi Huashen Titanium Industry Co., Ltd.

Specifically, this Jiuxing MoU contemplates a path to a formal offtake agreement where Neometals would supply a mixed gravity concentrate or separate ilmenite and iron vanadium concentrate from Barrambie to Jiuxing. The Jiuxing MoU outlines a product evaluation regime and contains the key commercial terms for a formal offtake agreement, subject to product evaluation.

Neometals completed the construction of and commissioned a pilot beneficiation plant at the former Menzies State Battery to prepare and despatch approximately 150t of gravity concentrates to China pursuant to the Jiuxing MoU.

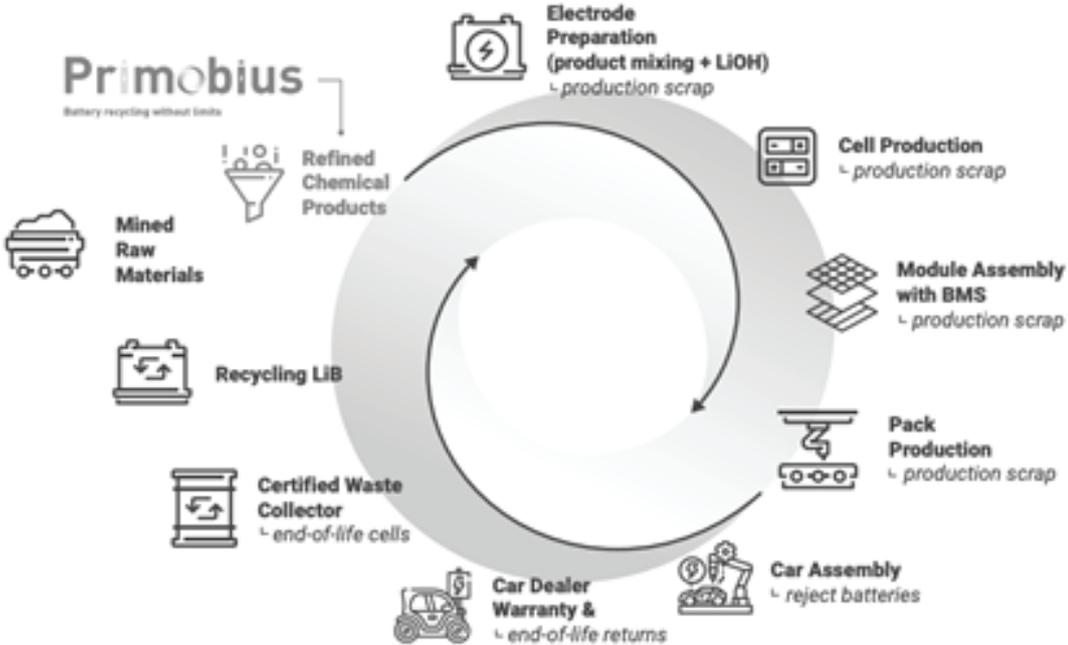
4. Industry and market overview

The activities undertaken by Neometals cover a number of industries and markets, all of which are focussed on the electric vehicle and energy storage megatrend.

A. Lithium-Ion Batteries (LIBs)

The LIB value chain spans the relationship between participants starting at chemical manufacture, utilising recycled material feed or refined minerals, and works its way to consumer products, disposal and recycling to support the notion of a ‘circular economy’.

Figure 2: Value Chain for Automotive LIBs



Source: Neometals

In the automotive industry, the future course is set for e-mobility. The LIB is the one component that plays a crucial role in facilitating the transition to electrification. Aside from being an important performance driver of electric vehicles, batteries also drive a significant element of the sales price for an electric vehicle. Between 20 and 40 per cent. of the value added in electric vehicle production is accounted for by the battery cell. As a result of their high energy density, LIB have become the preferred choice in e-mobility.

LIB are used across other sectors for the storage of electrical energy, for example electric devices and solar panel systems. Driven by this increased usage across sectors, there has been a marked increase in demand for lithium-ion batteries and the raw materials required for their production. Lithium and cobalt are crucial raw materials in the composition of lithium-ion batteries and both materials are subject to social, ethical and environmental concerns resulting from the conditions under which these raw materials are mined. An increase in demand for lithium for battery storage in electronic vehicles similarly increases supply competition between other industries which also use lithium as a key resource, such as device manufacturers.

Responsible raw material sourcing is becoming a focus for an increasing percentage of companies worldwide. Producers of electric vehicles and electronic devices in countries such as the UK, the EU and China are legally obligated to take their products back and recycle the end-of-life LIBs that the products contain. These producers can either recycle the products themselves or they can outsource this function to specialists. It is clear from this shifting attitude that battery recycling is a crucial element in future success of industries relying on the technology. Furthermore, battery recycling brings further benefits in achieving an improved energy balance compared to battery production based on ores.

Neometals' target battery chemistry spans two core applications; portable consumer electronics, with cathodes comprising lithium cobalt oxide (**LCO**), and electric vehicles, comprising cathodes that support batteries to deliver the strong energy density required for extended driving range which are trending towards the base metal rich nickel-manganese-cobalt (**NMC**) and nickel-cobalt-aluminium (**NCA**).

On the supply side, Neometals' current and potential future key recycling service partners include; electrode and battery manufacturers, waste aggregators and collectors, scrap recyclers, energy storage companies and automotive companies. Neometals has established collaborative relationships and executed several non-binding memoranda of understanding with potential suppliers within the LIB value chain. See 'Partnering' in section 6 below for further detail.

On the demand side, recycled product sales will be generated by sales to metal, plastic and solvent recycling companies, cathode precursor and LIB manufacturers and chemical companies. Several collaboration partners within these sectors will evaluate samples of recycled products generated during Primobius demonstration plant trials. High rates of materials recovery are targeted for the full suite of battery components. Recovered products include the steel and aluminium battery casing materials, the plastic separators and an intermediate black mass product consisting of blended anode and cathode materials. This black mass is further processed to recover graphite from the anode and the valuable metals contained within the cathode including lithium, nickel, cobalt and manganese. These metals, which will be recovered as high purity sulphates, will be reused within the LIB value chain, primarily by European manufacturers of cathode materials and LIBs.

The LIB recycling market is part of several market sectors, but supply and demand can be broken down into the following areas:

- **LIBs**

LIB demand is expected to grow as the electric vehicle market begins to develop price parity with internal combustion vehicles. Further increased demand is based on the arrival of deadlines set by nations and vehicle manufacturers to phase out internal combustion vehicles.

In the International Energy Agency's Sustainable Development Scenario, the required level of supply growth for lithium, nickel and cobalt is well above the levels seen in the past decade. At present, the market is confronting the growing prospect of a mineral and material supply deficit as the electric vehicle industry expands and gathers momentum with consumers and governments.

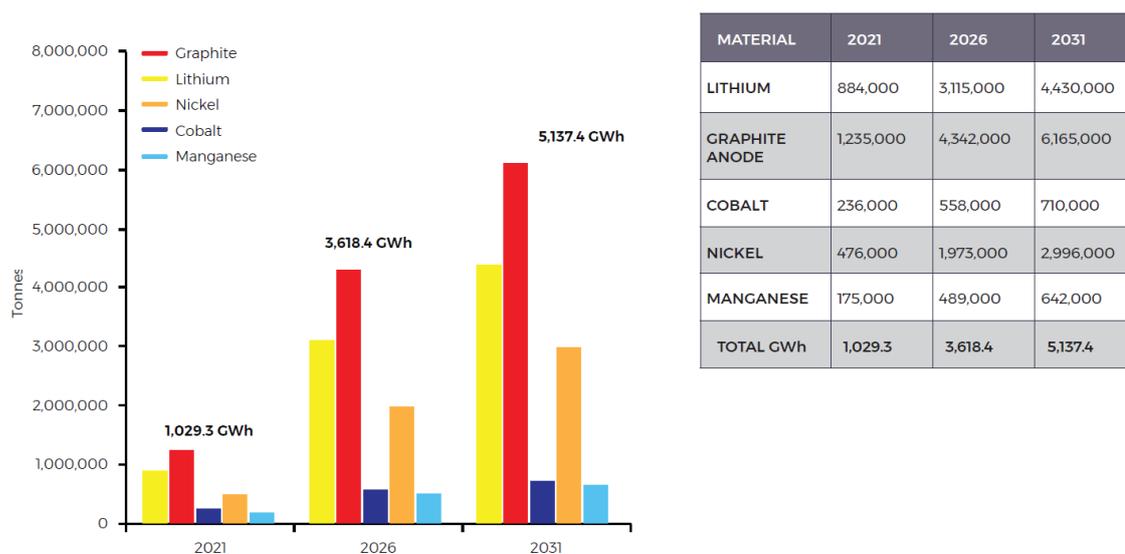
- **The urban resource**

The volume of lithium-ion batteries available for recycling or reuse today is modest and largely dominated by batteries in waste electronic products. Electric vehicle adoption is at the early stages of predicted strong growth and given the warranted lifecycle of LIBs and the potential for re-use in some circumstances, large volumes of LIB recycling feed are yet to be introduced into the market. Although some companies and organisations collect spent batteries, there are no comprehensive systems that dictate and guide the material collection processes at a national level in most countries.

- **Battery chemicals**

The International Energy Agency forecasts a requirement for battery chemicals, and in turn mineral concentrates, exceeding current available supply by many orders of magnitude.

Figure 3: LIBs placed on the global market (cell level)



Source: Benchmark Mineral Intelligence

The global adoption of LIB continues at a growing pace and the direct result will be a substantial volume increase in production scrap and end-of-life LIBs. A common characteristic of LIBs that cannot currently be avoided is that they will eventually fail, re-used or otherwise, and scrap will be generated during manufacture.

Outside of China, Europe is the fastest growing market in LIB cell production globally. The European Commission estimates that total global battery demand is expected to reach nearly 1000 GWh per year by 2025 and exceed 2600 GWh by 2030 and that in Europe, the demand for EV batteries is expected to surpass 200 GWh per year by 2023 and reach around 400 GWh by 2028. Each 1 GWh of LIB production capacity is the equivalent of approximately 4.5 tonnes of LIBs, assuming 4.5g/Wh in an 18,650 cylindrical lithium-ion cell.

In a 2019 World Economic Forum / Global Battery Alliance analytical report, the base case model estimated that:

- the volume of end-of-life lithium-ion batteries is expected to reach 1.2 million tonnes in 2025 and 3.5 million tonnes in 2030;
- the market for LIB recycling is estimated to grow, with an estimated 54 per cent. of end-of-life batteries being recycled in 2030, contributing 7 per cent. to the overall demand for raw materials for battery production in that year; and
- in order to achieve this level of recycling it is estimated that recycling facilities and capacities will need to increase by a factor of more than 25 times.

A key consideration in the widespread adoption of the battery recycling industry globally is the economics of the industry. There are two factors that play material roles in determining the economics when it relates to battery recycling;

- **Costs**, incurred in collecting, handling and disassembling the batteries that enter the recycling process; and
- **Scale**, in relation to both the reliability of the process and the material value of the batteries recycled.

The level of acceptance and progress on both these fronts will be driven by the increasing influence of regulation on the market and the rate of investment into the sector. There is the potential for batteries from electric vehicles having the potential to replace the traditional mining sector as the largest stock of critical battery materials going forward once the electric vehicle market significantly up scales. With more than 34 million electric vehicles, formed of

hybrid, plug-in hybrid and battery electric vehicles, estimated by the World Economic Forum / Global Battery Alliance to be sold in 2030, this upscaled demand for electric vehicles and subsequent supply of end-of-life batteries requires industry to act in the short-term in order to significantly contribute to global net zero targets.

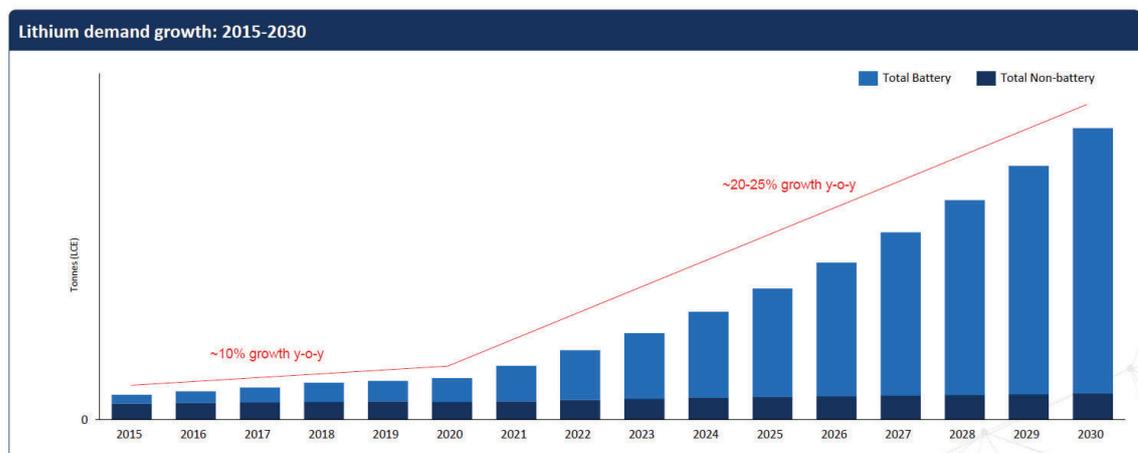
Through the Primobius joint venture and the technology owned by ACN 630, Neometals is addressing the already large, and growing, automobile and electronic devices market.

B. Lithium

Lithium is the lightest solid element, and lightest alkali metal. It is abundant in the earth's crust, but never in its pure metallic form as it exhibits similar properties to the other alkali metals; high reactivity and flammability. Lithium has a high electrochemical potential and the lowest density and highest heat capacity of all metals.

Lithium demand growth is increasingly coming from lithium-ion batteries owing to growing unit sales of electric vehicles. During the next decade lithium demand is forecast to grow at 20-25% per annum due to growth in the EV sector.

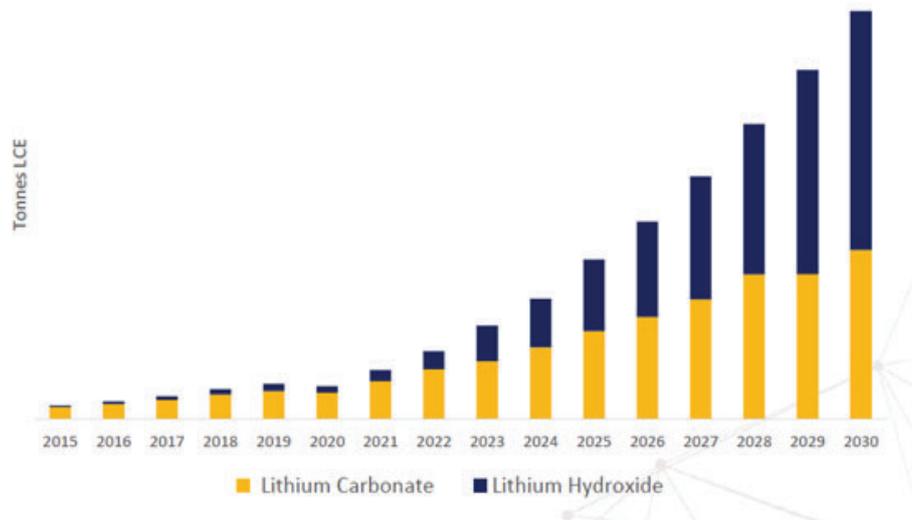
Figure 4: Lithium Demand Growth 2015-2030



Source: Benchmark Mineral Intelligence

Lithium is primarily traded as lithium carbonate and lithium hydroxide monohydrate. These two salts are required for lithium-ion battery cathode production. Lithium-ion batteries require the highest purity lithium chemicals. The major demand drivers for lithium hydroxide are the nickel-rich cathodes used in EV batteries including NMC and NCA. These cathodes require lithium hydroxide instead of lithium carbonate during their production. In recent years NMC and NCA cathodes have become increasingly favoured by OEMs.

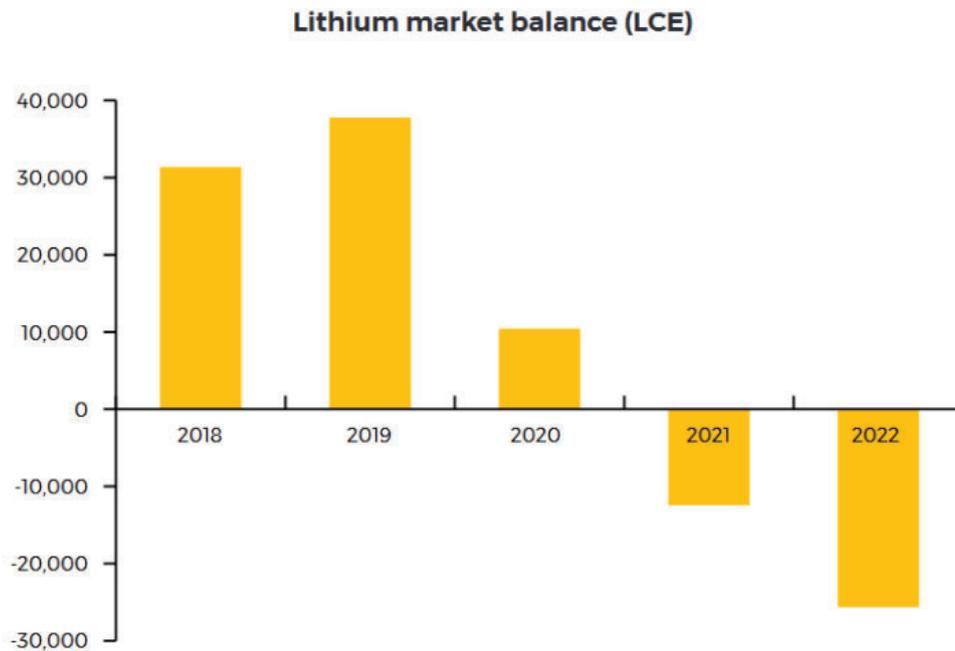
Figure 5: Chemical Demand Trajectory 2015 – 2030



Source: Benchmark Mineral Intelligence

Demand for lithium from batteries is set to rise to 468,000 tonnes of LCE in 2022, a 22% increase from 2021. In 2021 there were record levels of investment in the lithium industry, which has improved the market’s supply outlook, but there are still likely to be short term and long-term deficits. Without sufficient investment it is expected that the lithium market deficit may reach almost 300,000 tonnes of LCE by 2030.

Figure 6: Project Lithium Market Balance 2018 – 2022



Source: Benchmark Mineral Intelligence

Lithium production is split between continental brines and hard-rock (mainly pegmatite) deposits. The emissions intensity of lithium production in tonnes CO₂ per tonne of lithium carbonate equivalent (**LCE**) is greatest for hard rock mines owing to the energy intensive extractive processes involved and the international shipment of low-grade lithium mineral concentrates from the mines in Australia to chemical conversion plants in China. Whilst hard-

rock sources currently contribute more than 50% of lithium supply, brine deposits account for approximately 70% of global lithium resources. There is a need for more brine production to lower the CO2 footprint of the lithium industry.

Figure 7: World Resources of Lithium Carbonate Equivalent

70% OF GLOBAL LITHIUM RESOURCES ARE IN BRINE DEPOSITS



Source: US Geological Survey (US Figures Rounded)

C. Vanadium

Vanadium is a ductile transition metal with a natural resistance to corrosion and stability against alkalis, acids and salt water. Vanadium is found in 65 different minerals including vanadinite, carnotite, roscoelite and patronite.

At present, approximately 90 per cent. of vanadium consumption globally is in the steel industry, where it is primarily used in the form of ferrovanadium. Ferrovanadium is an alloy for high strength steels including those used for oil and gas pipelines, tool steels, jet engines, axles and crankshafts and reinforcing bars in the construction industry. Vanadium is added in low concentrations to significantly increase the strength and hardness of the steel.

In relation to energy storage, vanadium solutions are the storage medium in the Vanadium Redox Flow batteries (**VRFB's**) which are a leading stationary energy storage technology. Approximately 78 per cent. of the global vanadium supply is produced in China, South Africa and Russia, and there exists a significant opportunity to supply the European and American markets from recycling SSAB's Scandinavian feedstocks.

In 2020, global vanadium supply was approximately 107,533 tonnes of vanadium and was dominated by China (62 per cent.), South Africa (approximately 8 per cent.) and Russia (approximately 8 per cent.). Supply is primarily based on the production of vanadium from Slag generated from the production of steel using vanadium titanium magnetite (**VTM**) as feedstock.

Vanadium demand growth over the past 20 years has been driven predominantly by Asian demand, particularly in China where steel production and consumption has risen dramatically. China now accounts for approximately 60 per cent. of vanadium demand globally.

The Chinese government implemented a policy in November 2018 that requires Chinese steel mills to eliminate the production of 235 and 335 megapascal (**MPa**) tensile strength rebar and replace with high strength 400, 500, 600 MPa tensile strength rebar. The driver behind this policy change is that these higher grades have improved earthquake resistance, however, in order to achieve this, a higher concentration of vanadium is required in the steel. This policy

encourages domestic Chinese mills to utilise greater volumes of alloys such as ferrovanadium to meet the revised strength requirements. The output of this is expected to be an increased global demand for vanadium.

According to PwC, the forecast CAGR for steel industry vanadium demand to 2025 is 3.3 per cent.

D. Titanium

The major market for titanium is the titanium dioxide (TiO₂) pigment market, which accounts for approximately 90 per cent. of the global demand for titanium. The titanium metal sector, which produces and consumes titanium metal, is an important but relatively small component of the titanium industry overall, accounting for approximately 6 per cent. of total titanium consumption.

TiO₂ pigment is used to impart whiteness and opacity to paints, plastics, paper, inks, fibres, food and cosmetics.

There are two primary technologies used to manufacture TiO₂ pigment, a sulphate process and a chloride process. These two processes utilise different quality TiO₂ bearing mineral feedstocks that fall into either sulphate feedstock or chloride feedstock descriptions.

China has accelerated its transition from sulphate to chloride titanium pigment, and therefore securing access to cleaner, high grade chloride slag (the intermediate product for pigment manufacture) is a strategic imperative to achieve its ambitions. Chloride titanium pigment production is significantly more environmentally friendly and sustainable.

The TiO₂ pigment industry is a mature industry with a long-term CAGR in line with global GDP growth.

In 2018, there was a series of supply disruptions that resulted in a supply shortfall of approximately 240,000 TiO₂ units. In 2021, the suspension of operations at Rio Tinto's Richards Bay Minerals mine and smelter in South Africa temporarily removed TiO₂ units of titanium feedstock from global markets. Adding to market uncertainty was the announcement by Iluka Resources of its intention to potentially suspend its Sierra Rutile operations in November 2021.

In the sulphate sector, there has been a decline in the production of sulphate ilmenite in the major producing countries, for example India and Vietnam, which has been driven by government intervention and implementation of policies restricting the mining and export of ilmenite products, resulting in disruptions to export quantities in recent years. Coupled with the abovementioned interruptions to the supply of high-grade TiO₂ feedstocks, the titanium feedstock market globally entered into a structural deficit at the end of 2021.

Concurrently, the titanium minerals industry is experiencing a decline in valuable heavy mineral assemblages and grades at current and planned operations. To sustain current levels of production there is a requirement for technical innovation, the development of unconventional orebodies and significant capital expenditure. These circumstances are favourable for the development of the Barrambie project, which is a potential source of sulphate and chloride grade titanium feedstocks.

5. Competition

Neometals operates across industries with numerous other participants, including major international companies and niche technology suppliers. The Company's ability to deliver future Shareholder returns will depend not only on its ability to develop and exploit opportunities within these sectors, but also on its ability to select and acquire the most appropriate partners to progress its projects with.

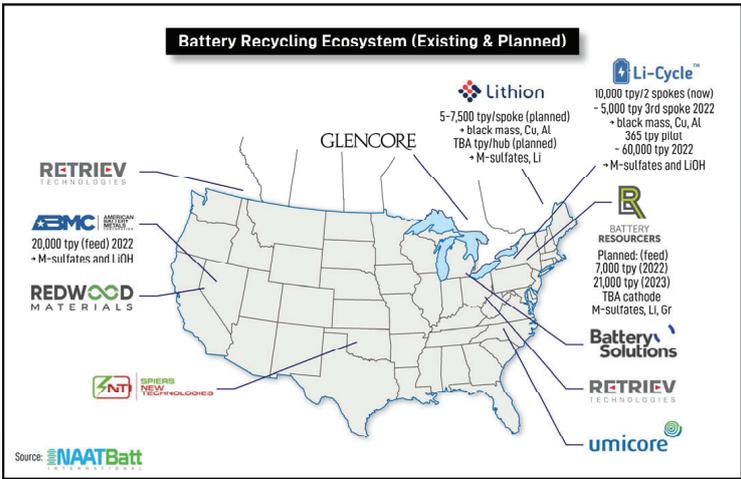
Each of the Company's four key projects operate in its own vertical in the EV and energy storage supply chain, details of which are outlined below.

A. LIB Recycling

To date, LIB recycling has been dominated by pyrometallurgical disposal techniques where battery constituent recovery has focused primarily on nickel and cobalt with the majority of the non-ferrous materials, including lithium and carbon, being burnt and released to the atmosphere. The maturity of more sustainable hydrometallurgical processing alternatives together with a changing global regulatory landscape, now focused on implementing zero carbon technologies and achieving net zero climate targets, favours the lower carbon intensive LIB hydrometallurgical recycling sector.

In the LIB hydrometallurgical recycling sector, Neometals and Primobius have a number of direct competitors, all at varying commercialisation stages. The sector is nascent with only a small number of companies having *bona fide* commercial operations with material revenues. There are however a number of development companies aspiring to enter the market.

Figure 8: Identified North American competitors in LIB Recycling

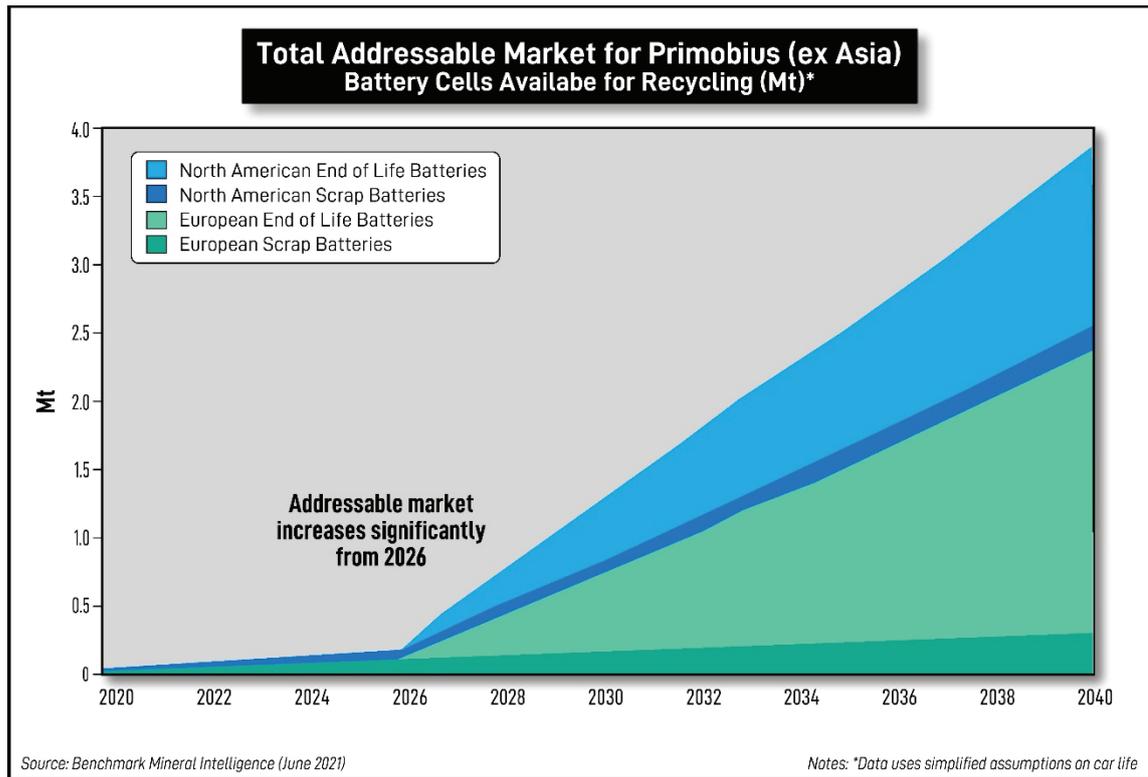


Source: NAATBatt International

The incumbent recycling processes and operators are reliant on pyrometallurgical refining to recover some of the base metals contained in LIBs. Traditional pyrometallurgy recyclers face headwinds however as the revised EU Battery Regulations, which are a leading indicator for global battery compliance, require minimum battery constituent recoveries which will exceed what is possible with pyrometallurgy alone. As such, battery value chain participants are seeking alternative solutions that help decarbonise in line with regulatory requirements. Neometals considers hydrometallurgy is a preferred solution for addressing the regulatory requirements, and the ever increasing forecast volumes of spent and scrap batteries that are due to hit the market means there is a large recycling capacity gap to fill. There are a limited number of companies that have the development maturity, plant building expertise and balance sheets to service global OEM's at the capacity and scale required. As such, there is a large opportunity for a handful of advanced hydrometallurgical recycling providers and it is expected that partnerships and industry consolidation/aggregation will follow with technology validation.

In addition to integrated recyclers that generate, amongst other things, materials for manufacture of new LIB's, there are also many waste aggregators and other players who provide LIB 'disposal' services. LIB disposal-only services involve LIBs being shredded and beneficiated to varying degrees to generate a saleable black mass intermediate material. These recyclers are more prevalent globally as the barriers to entry and intellectual property requirements are less onerous than running an integrated recycling business.

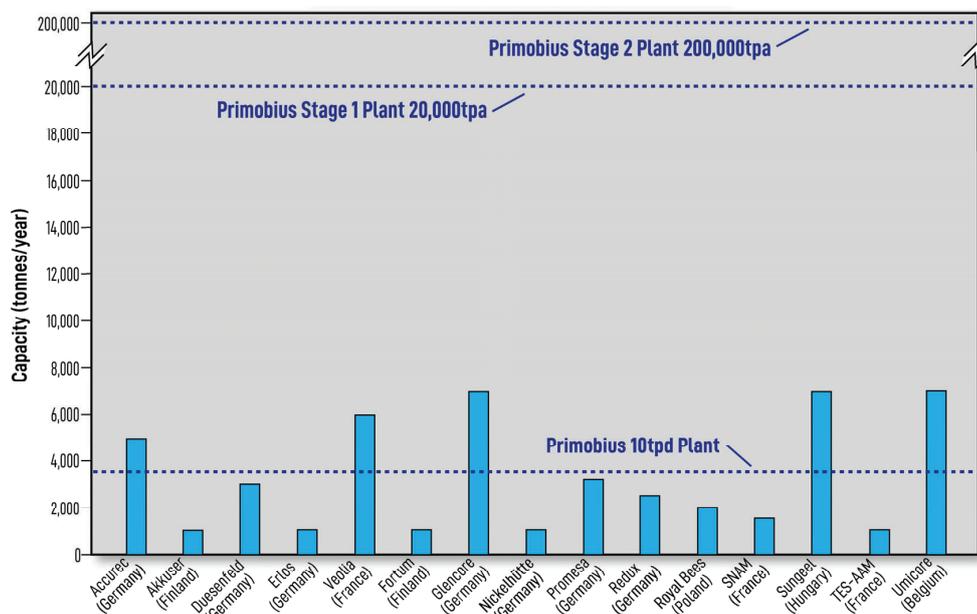
Figure 9: European Battery Availability



Source: Benchmark Mineral Intelligence

Figure 9 above shows the forecast growth of LIB cell manufacturing scrap and end of life arising from EV's. Figure 10 below shows a current cumulative installed recycling capacity amongst existing European LIB recyclers of less than 50 ktpa. The shortfall between the approximate 600,000 tonnes of LIBs requiring recycling by 2030 and today's recycling capacity represents an opportunity for Primobius. The incumbent pyrometallurgical recyclers face difficulty in duplicating and expanding their smelting operations regardless of the environmental and regulatory pressures that these processes are now facing.

Figure 10: Major European EV Battery Recycling Facility Capacities



Source: Benchmark Mineral Intelligence

Barriers to entry

The Board believes that there are the following, key barriers to entry to participate as an integrated and sustainable hydrometallurgical LIB recycler:

- long development timeframes to design technically feasible and economically viable flowsheets capable of adoption by large OEMs;
- the need for specific technical expertise in the fields of chemistry and hydrometallurgy;
- the funding required to bring a R&D programme through to commercial fruition;
- engineering and plant building/maintenance/operational expertise and skills to satisfy OEMs with large scale global requirements;
- availability of feed to run recycling plants at industrial scale; and
- global footprint required to run an international business.

Product Evaluation

In addition to Primobius agreements outlined above regarding direct recycling partnerships and or collaboration, the Company has also entered into multiple non-binding memoranda of understanding with potential product offtakers for evaluation activities commencing with samples generated via the demonstration plant trial. Every product to be generated via the demonstration plant has one or multiple parties committed to an evaluation process. Importantly, feed for the demonstration plant has non-binding commercial commitments from Itochu. A financial investment decision on any of the Primobius pipeline projects will be contingent upon having ready markets for the products generated and the demonstration plant output provides the first step towards product qualification. With this in mind, Primobius has made the decision to commence its commercial operations with the production of readily saleable black mass intermediate whilst its integrated refining activities follow in staggered lock step.

B. Vanadium Recovery Project

The VRP is premised on recovering vanadium from steel manufacturing by-products through a novel process that eliminates the need for strong acids which generate acid bearing tailings. The VRP relies on a patent pending processing flowsheet that uses carbonate leaching rather than acid, sequesters carbon dioxide as a reagent and generates high purity vanadium along with potential by-products.

According to Neometals' independent freedom-to-operate searches, there are no Australian, European, United States or pending international (PCT) patent applications that the Company's patent attorneys believe could prevent Neometals from exploiting its technology.

The VRP technology is unique and as such there are few, if any, companies that would be considered competitors in the field of recovering vanadium from steel by-product stockpiles using a carbonate leaching system. However, there are multiple sources of vanadium (including primary mining, stone coal ash and spent catalysts) and companies marketing these materials can all, to some extent, be considered competitors. Neometals is targeting the energy storage market for its high purity vanadium chemicals which puts lesser purity and smaller scale alternatives in a different sphere of competition from a global industry perspective. In addition, demand for future vanadium sources is anticipated to come with significant sustainability requirements which will present challenges for many in the market.

Barriers to Entry

The Board believes that there are the following, key barriers to entry within the vanadium recovery market:

- technical know-how required to develop complex mineral leaching processing technologies;
- capital required to advance research and development through the various, laboratory, piloting and demonstration stages;
- ability to source materials and projects that support low CO₂ sustainable operations in supportive jurisdictions with no permitting hurdles;
- selling high purity vanadium for advanced battery applications requires long timelines to prove value in use of the product under various qualification steps; and
- vanadium has historically displayed high pricing volatility which means only those projects with lowest quartile operating costs can withstand potential margin erosion.

C. ELi® Lithium Process

ELi® is a process for purifying an aqueous lithium chloride solution to produce lithium hydroxide in conventional chlor-alkali (electrolysis) cells. ELi® uses commercially available chlor-alkali and purification process equipment and has been tested for reliability in 100 and 200hr duration continuous mini-pilot scale trials. The process has been tested on synthetic and actual lithium sources, both hard rock and brine. A pre-feasibility study was completed in 2012 and a feasibility study for the application of the ELi® technology in a Malaysian plant was completed in 2016. Under the assumptions for both studies, the ELi® project was shown to be technically feasible and economically viable.

Barriers to Entry

The key barriers to entry within the lithium processing market:

- technical know-how required to develop complex and new electrolysis process;
- capital required to advance research and development through the various, laboratory, piloting and demonstration stages;
- finding sufficiently credible and industry aligned partners to support development with real world trials at sufficient scale;
- access to suitable spodumene and brine feed sources on commercially viable terms; and

- know-how required to make high purity chemicals to the exacting specifications required by the lithium chemical industry.

Product Evaluation

Operation of the Bondalti Refinery is intended to generate a platform to trial multiple potential feed sources and also to manufacture product evaluations samples. Feed and offtake evaluation agreements as well as dedicated production trials are intended to be entered into once Bondalti and RAM agree the scope of Refinery trials.

D. Barrambie Project

Unlike Neometals' other three core projects, Barrambie is the only upstream 'minerals' development opportunity. The project will extract minerals via mining operations for third party downstream processing to satisfy titanium, vanadium and iron end users who will further process the Neometals intermediate materials for use in the battery storage and electric vehicle supply chain.

Titanium is the primary product for the project with by-product iron/vanadium concentrates also targeted. The 'hard rock' Barrambie project is unique amongst its peers for the fact that it is one of the world's highest-grade hard-rock titanium-vanadium deposits.

The key factor influencing competition in the market for titanium, specifically chloride grade ilmenite, is that there is strong demand in the biggest market, China, for feedstocks that are suitable for production of chloride grade pigments. The Barrambie ilmenite product is targeted for smelting to produce a chloride-grade titanium slag to feed the fast-growing demands of the Chinese chloride pigment market as it switches towards this more environmentally sustainable product which requires high quality titanium feedstocks.

Barriers to Entry

The Board believes that there are the following, key barriers to entry within the titanium and vanadium production market:

- securing world class deposits that have project characteristics required to ensure minimal risk and lowest quartile cost profile;
- long timelines to prove resources, secure permits and demonstrate value in use of products;
- value in use demonstration requires significant technical and industry expertise;
- Funding to finance development programmes; and
- Relationships to secure take or pay offtake arrangements.

6. Strategy and Future Prospects

Neometals innovatively develops opportunities in minerals and advanced materials essential for a sustainable future. We leverage our proprietary, green process technologies to develop battery materials projects with exposure to commodities most impacted by the energy storage megatrend.

The Company builds value, de-risks and develops its long-life projects with strong partners with a strategic focus on increasing margins through integration down the value chain.

Importantly, Neometals has pivoted away from reliance on upstream mining and exploration activities to sustainable recycling and materials processing. Neometals is strongly aware of the need for a 'social licence to operate' and strives to connect corporate purpose to strategy bearing in mind the health of the planet and its communities. These corporate level objectives pervade each of the individual business units.

Neometals has demonstrated that it has the desire to seize opportunities as they arise and to remain focused as key projects achieve development maturity milestones, as demonstrated by the Widgie Nickel demerger and the staged sell-down of equity in Mt Marion and the acquisition (and subsequent disposal of) related offtake rights.

Neometals has a growing suite of sustainable downstream, recovery and recycling projects, supporting the global transition to more circular supply chains and cleaner energy. Additionally, the Company has a legacy upstream mineral extraction project in Western Australia that is being evaluated to determine how best to return Shareholder value.

All four projects have strong partners with three approaching decision points in 2022.

A. LIB Recycling

The LIB Recycling Project aims to present a sustainable solution to the environmental problems associated with end of life LIBs as well as capturing lost resources and revenue with irresponsible battery disposal.

The LIB Recycling Technology, comprises two stages:

1. Shredding and beneficiation to physically separate components and remove metal casings, electrode foils and plastics from the active materials (**Shredding Circuit**); and
2. Leaching, purification and precipitation to produce predominantly refined chemical products via the hydrometallurgical processing facility (**Refining Circuit**).

Business Model

Neometals has established the Primobius joint venture with SMS Group to commercialise the Company's proprietary battery recycling technology. The business model is flexible and allows Primobius to cater for wide ranging needs amongst the battery supply chain. Specifically, Primobius is developing three key business models for deployment of its operations being: (i) the provision of recycling services and the sale of chemicals and other recovered materials; (ii) partnership models where Primobius shares economics with cell makers and car markets by processing their off-spec and end of life cells in return for the products generated (or commercial structures thereof); and (iii) licensing intellectual property rights to third parties to generate technology licensing royalty revenue.

Primobius is advancing multiple projects that have been publicly disclosed. At present the projects include:

1. preparing to utilise its demonstration plant for commercial shredding operations in Hilchenbach, Germany (**10tpd shredder plant 1**);
2. evaluating the technical and economic viability of staged preparation for LIB shredding and or hydrometallurgical refining operations as principal in or around Germany (**50tpd integrated shredding and hydrometallurgical refinery plant 1**);
3. evaluating the technical and economic viability of staged manufacture of LIB shredding and or hydrometallurgical refining plants for third parties or in joint venture operation with third parties (**50tpd Plant/s**) (including but not limited to arrangements with Stelco).

In addition to the above, Primobius has a busy pipeline of opportunities under negotiation at varying stages of maturity.

Commercial Status

Evaluation activities for the AACE Class 3 Engineering Cost studies (**ECS Studies**) on Stage 1 Shredding (**Stage 1 ECS**) is complete. Evaluation activities for the Stage 2 Engineering Cost Study (**Stage 2 ECS**) continues with targeted completion in Q1 2022. The outputs from the ECS Studies will support the Feasibility Study (**FS**) that will inform consideration of an investment decision.

Primobius initially planned to build and operate its first plant as principal, in Germany, as an integrated operation. This plan has been superseded as a result of discussions with potential JV partners maturing more rapidly than was anticipated. These discussions have identified the need and opportunity to build and operate shredding "spoke" plants in advance of hydromet "hub" plants. The benefit of this strategy is to develop feed sources for hubs well in advance of hub commissioning. Primobius will complete its evaluation studies for shredding/beneficiation plant packages and for hydromet refining hub packages as planned, but preferentially expedite detailed design of the shredding/beneficiation package to a stage of "product readiness". Post

the FS, Primobius will be in a position to execute plant supply agreements with its JV partners, allowing comprehensive commercial rollout with design package, supply of equipment and construction of performance guaranteed plant.

Phased commercial implementation will see small commercial scale Shredding Circuit activities (10tpd Shredding Plant) in Hilchenbach Germany from Q2 2022. Upgrades and commissioning of some Shredding Circuit equipment is complete and the 10tpd Plant will allow Primobius to optimise the process in a commercial setting to provide evidence of the teams operational readiness for OEMs. Offtake/feed supply and partnering dialogues are advancing in parallel with the feasibility study and further partnering validation is pending.

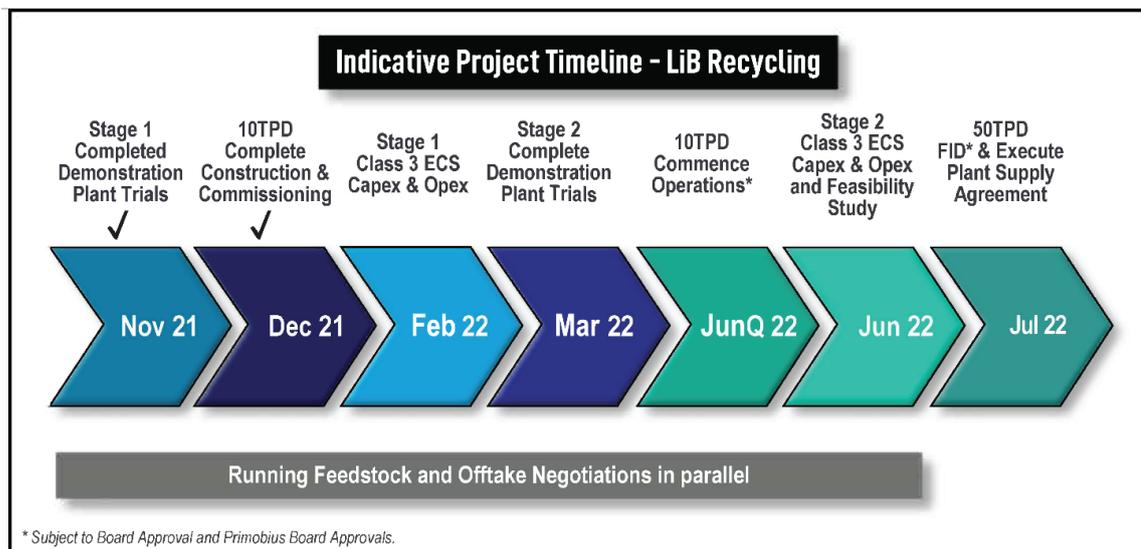
Concurrent Refinery Circuit development will finalise the process flowsheet for detailed design in Q3 2022. The Primobius commercialisation strategy remains flexible to the requirements of customers and potential partners who have immediate demand for safe disposal services. Primobius has responded by accelerating commercial shredding services to establish market share and build commercial operational capabilities in readiness for the projected commercial-scale 50tpd Plant/s.

The Demonstration Plant Refining Circuit will remain operational at Hilchenbach indefinitely as Primobius runs dedicated partner trials and gathers commercial experience under different operating conditions with variable feeds and changing customer needs. In addition to plant optimisation, future R&D endeavours will focus on applying the knowledge around Primobius' proprietary flowsheet to next generation LIB chemistries and chemistries, like lithium iron phosphate, that have less valuable constituent materials but an equally urgent need for 'producer' recycling.

Timeline

As can be seen in the timeline in Figure 11 below, Primobius, is approaching completion of demonstration trials and evaluation studies. This is a pivotal time for Primobius with investment decisions to be made in the September Quarter 2022. Commercialisation is no longer limited to planning for a singular site, with a full pipeline of opportunities and multiple projects currently being assessed.

Figure 11: Indicative Project Timing – LiB Recycling



Source: Neometals

B. Vanadium Recovery Project

The VRP represents an option to commercialise proprietary Neometals technology to extract high purity vanadium from steel processing by-product stockpiled in Scandinavia and elsewhere. The future VRP operations are to deliver high purity carbon neutral vanadium chemicals, without mining risk, for applications including the battery industry. The Company has confidence in the demand profile for its products for the fact that the operations will:

- align closely with circular economic principles;
- not require mining, comminution or beneficiation;
- remediate steel processing by-product;
- sequester carbon dioxide from nearby industry as a reagent source to the processing flowsheet;
- offer a domestic European source of responsible low carbon vanadium; and
- support the domestic battery manufacturing industry.

Business Model

Neometals is exploring opportunities to commercially apply its sustainable proprietary vanadium recovery processing flowsheet on stockpiles of vanadium bearing steel manufacturing by-product. It is intended that Neometals will license its processing technology to the JV for a royalty consideration. The first operations are being planned with SSAB feed (**VRP 1**) however the technology can be applied to other feed sources that meet certain criteria.

The project team is currently pursuing two distinct supply/offtake opportunities in Scandinavia:

1. VRP 1 (SSAB feedstocks, Pori – Finland location); and
2. VRP 2 (H2GS feedstock, Boden – Sweden location).

VRP 1 (SSAB)

Neometals and Critical are jointly evaluating the feasibility of recovering high-purity V₂O₅ from high-grade vanadium-bearing Slag in Scandinavia. Under the formal collaboration agreement between the parties, Neometals is to fund and manage the evaluation activities (other than the location study to be conducted by Critical), up to consideration of an investment decision. A positive investment decision will lead to a 50:50 incorporated JV with Critical.

Critical is advancing government and environmental approvals for the VRP and managing the SSAB and H2GS relationships.

VRP 2 (H2GS)

In Q3 2021, Neometals announced its collaboration partner in the VRP, Critical (via its wholly owned subsidiary, RISAB), had entered into the H2GS MoU. The H2GS MoU outlines key commercial terms for a potential Slag supply agreement.

It is intended that Neometals will license its processing technology to the JV for a royalty consideration. The key revenue source for the H2GS JV is intended to be margins made on the sale of green vanadium pentoxide plus the above-mentioned royalty.

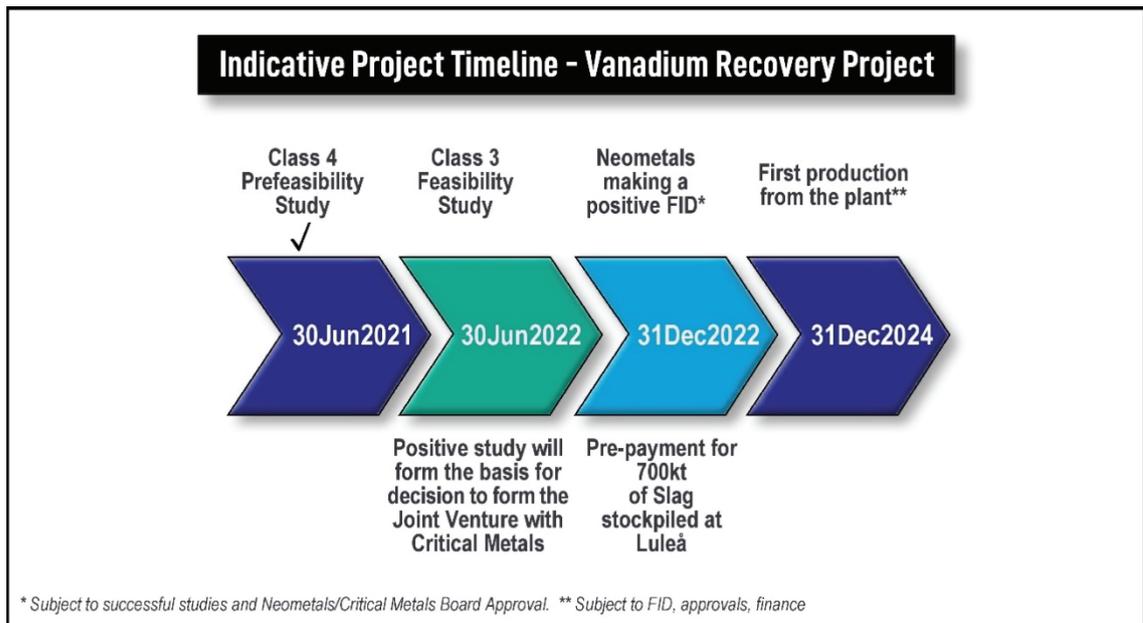
Commercial Status

The VRP is undertaking collaborative evaluation activities towards a financial investment decision on VRP 1 with SSAB and in September 2021 entered a non-binding MoU for long term Slag supply arrangements with H2GS. The SSAB Slag has been subject to evaluation in a continuous pilot trial and samples are being evaluated by potential offtakers. More detailed studies will follow and an investment decision on VRP 1 is slated for late 2022.

Ongoing R&D is intended to focus on processing flowsheet optimisation, development of by-products for application in domestic, industrial and building applications and test-work on various other Slag feed sources with characteristics similar to those exhibited at SSAB.

Timeline

Figure 12: Indicative Project Timing – Vanadium Recovery Project



Source: Neometals

C. ELi® Lithium Process

The ELi® process has been developed from concept through to semi-pilot scale testing during the past 8 years with a view to having a competitive and reliable low carbon footprint method of large-scale lithium hydroxide and carbonate production to decarbonise lithium supply to the LIB supply chain. Sourcing lithium chemical units with a reduced CO₂ footprint is a high priority for the electric vehicle industry. The process has been tested on synthetic and actual lithium sources, both hard rock and brine. A number of sources from South American continental brines have generated promising technical results with strong potential economics highlighted in cost studies.

Business Model

ELi® has been developed in the RAM JV which is 70 per cent. owned by Neometals and 30 per cent. owned by Mineral Resources Ltd. The business plans to generate revenue via fees for toll processing third party lithium chloride feed through principal and joint venture plants. Additionally, the model is intended to be intentionally flexible to accommodate opportunities to license technology and generate royalty revenue and also from the sale of lithium chemicals in principle owned plants. The benefit to lithium miners, who don't necessarily have the financial or technical means to produce chemicals, is that they can partner with Neometals via RAM to supply what has been a far less recognised and less valuable intermediate product.

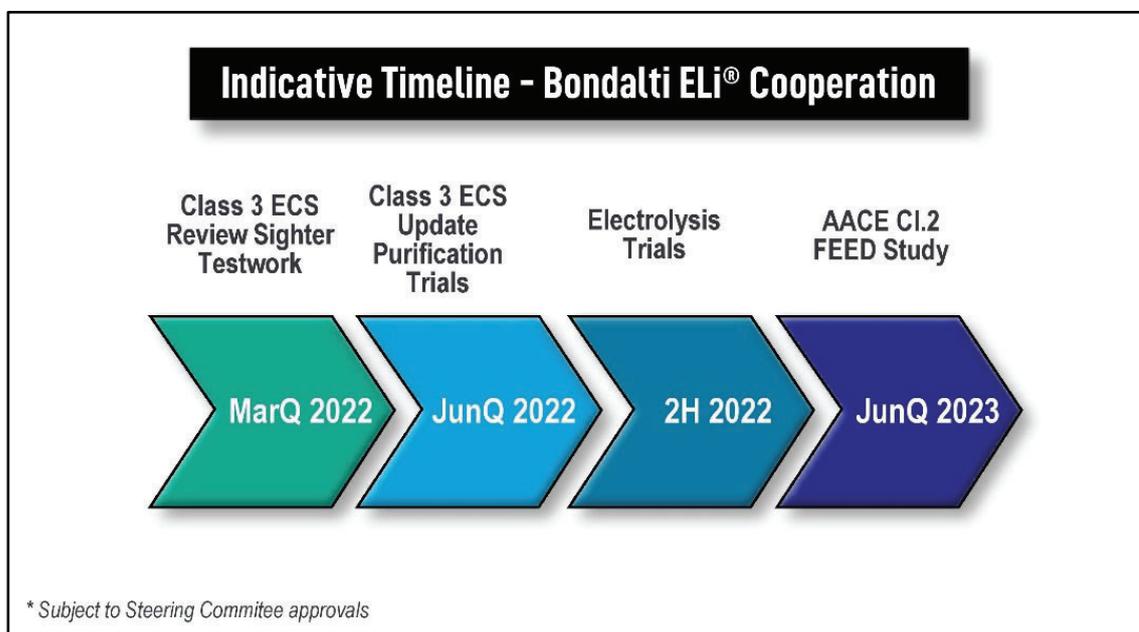
Commercial Status

ELi® uses commercially available chlor-alkali and purification process equipment and has been tested for reliability in 100 and 200hr duration continuous mini-pilot scale trials. The process has been tested on synthetic and actual lithium sources, both hard rock and brine. A pre-feasibility study was completed in 2012 and a feasibility study for the application of the ELi® technology in a Malaysian plant was completed in 2016 (for further details see Neometals announcement titled "Positive Lithium Downstream Processing Feasibility Results" dated 11th July 2016). Under the assumptions for both studies, the ELi® project was shown to be technically feasible and economically viable.

Timeline

RAM recently completed a full independent process review and upgrade of the process mass balance model. Neometals has recommend to Bondalti the areas of focus for the future test work during the Refinery pilot program and the latest indicative timeline can be seen below:

Figure 13: Indicative Project Timing – ELi[®] Lithium Process



Source: Neometals

D. Barrambie

Neometals has committed in excess of AU\$30 million advancing development of the Barrambie project. The project has material mineral resources as well as the requisite mining and environmental approvals to commence operations. The non-binding MoU with Jiuxing will see a commercial scale Chinese smelting trial on mixed concentrates from Barrambie with testwork and diligence outcomes determining whether Jiuxing enters into formal binding take or pay offtake arrangements for the majority of planned concentrate production.

Neometals intends to enter into a mine to port services agreement for a 'build-own-operate' contract for the project. This early contractor engagement supports a capital light approach for the project, a model used successfully by Neometals and its partners to develop the Mt Marion lithium project in 2015.

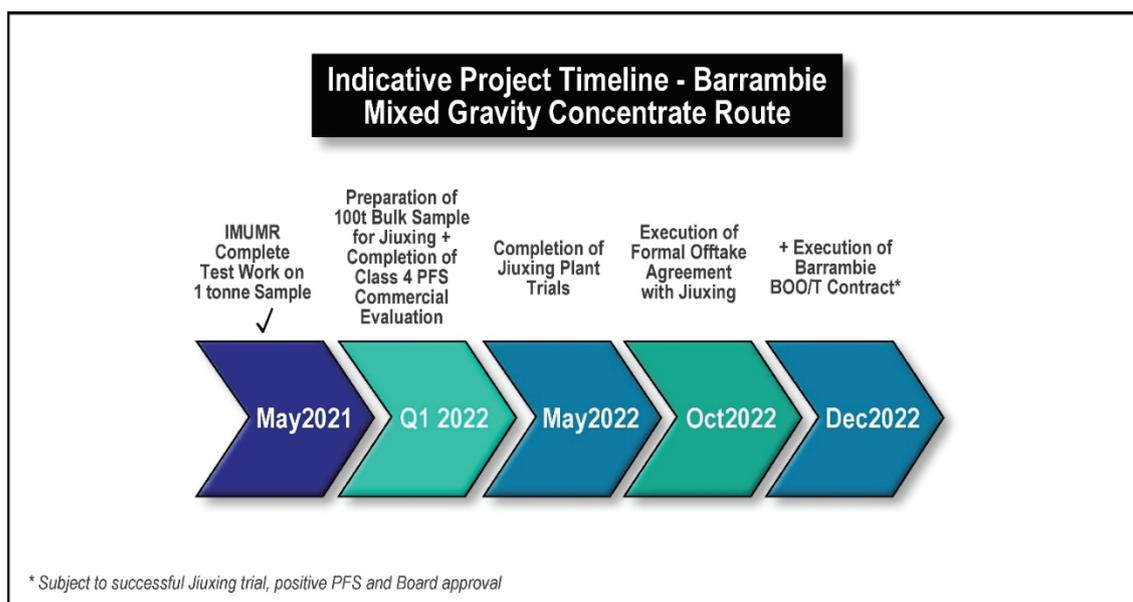
Business Model

The business model assumes sale of mixed or individual titanium plus vanadium-rich iron concentrate delivered to Chinese partner port where Neometals extracts sale value from titanium, vanadium and iron units. Assuming a base-load binding offtake commitment for mixed concentrate, any remaining balance of production will be available to potentially sell to other parties as mixed concentrate or if financially feasible individual ilmenite (titanium) or iron/vanadium concentrates prepared by Neometals in Australia or overseas with toll processing partners.

Commercial Status

The Barrambie project team is finalising a pre-feasibility study for delivery during Q1 2022 which will precede Jiuxing plant trials and hopefully formal offtake arrangements and a parallel decision on selection of a build-own-operate partner.

Figure 14: Indicative Project Timing – Barrambie



Source: Neometals

7. Intellectual Property

Neometals and its controlled subsidiaries have 14 patent families for a total of 68 patents (pending and granted) across numerous international jurisdictions covering both current geographies of operation and potential future areas. In addition, Neometals and its subsidiary, Reed Advanced Materials Pty Ltd have a range of registered trademarks.

The patents and other intellectual property development relate to processing technologies that support the Company's strategic purpose of "developing opportunities in minerals and advanced materials essential for a sustainable future".

In addition to patentable intellectual property rights, Neometals also has significant IP assets in the form of protected 'know-how' which is subject to stringent control measures and processes outlined in the Company's IP policy.

As part of its project and intellectual property development procedures under the Company's IP policy, Neometals frequently conducts intellectual property 'freedom to operate' reviews and commissions third party experts to opine on the competitor landscape as it relates to IP.

8. Historical Financial Information

Part V of this document contains:

- the audited consolidated financial statements for the Group as at and for the year ended 30 June 2021;
- the audited consolidated financial statements for the Group as at and for the year ended 30 June 2020; and
- the audited consolidated financial statements for the Group as at and for the year ended 30 June 2019.

9. Current Trading and Prospects

The financial information relevant to the year ended 30 June 2021 for the Company is set out in Part V of this document. Since 30 June 2021, the Company has continued to operate in line with the Board's expectations and has continued to progress its key battery materials projects:

- Continued progress made towards technical and commercial validation of its LIB recycling technology;
- Neometals' collaboration partner, Critical, via its wholly owned subsidiary RISAB, entered into a non-binding MoU with H2GS for an additional potential slag supply agreement. This potential new source of slag could underpin a second, larger vanadium production operation.
- The Company's subsidiary, RAM entered into a formal agreement with a European chlor-alkaline producer to commercialise ELi®. A binding Co-operation Agreement with Portugal's largest chemical producer Bondalti. The Co-operation contemplates the co-funding of certain evaluation activities required for a decision to form a 50:50 incorporated joint venture in Estarreja, Portugal.
- Neometals completed the construction of and commissioned a pilot beneficiation plant at the former Menzies State Battery to prepare and despatch approximately 150t of gravity concentrates to China pursuant to the Jiuxing MoU.

With the continued progress being made across all of the company's projects, the head count has increased from 28 people at 30 June 2021 to 33 as at the date of this document. This expansion in headcount and the investment made into developing the projects is expected to increase the Company's operating expenditure. This reflects the Company's pre-revenue projects and research-based enterprise.

The Board believes that the Company's strategy is aligned with the rapid pace of change been seen across the electric vehicle and energy storage sectors. Given the strength of the Company's projects and industry partners, the Directors have confidence in the Company's financial prospects for the financial years ahead.

As at 31 December 2021 Neometals reported its cash balance of A\$72.8 million, receivables and investments of A\$47.9 million and no debt.

10. Dividend Policy

The Company has an established track-record of returning value to Shareholders through dividends, share buyback programmes and in-specie distributions, in each case following the successful development and divestment of assets.

Neometals has returned the following to Shareholders under the terms of the dividend policy in the three years covering the historical financial information period to 30 June 2021:

- 30 June 2021: No dividend was declared
- 30 June 2020: AU\$ 10,890,338
- 30 June 2019: AU\$ 10,879,485

It is the Board's intention to retain current cash balances to finance the development and commercialisation of the Company's current activities and to develop new opportunities, but to evaluate the nature and extent of any distributions on an ongoing basis as its projects mature.

11. Directors, Senior Management and Employees

The Directors and the Group's senior management have significant technical, operational and financial experience in the industries in which the Group operates.

As at the date of this document the Board comprises one Executive Director and five Non-Executive Directors. On Admission, the Board will comprise of one Executive Director and five Non-Executive Directors.

The details of the Directors, senior management and key employees as at Admission are set out below.

A. The Board

Steven Cole | Non-Executive Chairman

Steven Cole (aged 71) has over 40 years of professional, corporate and business experience through senior legal consultancy, as well as a range of executive management and non-executive appointments. His extensive boardroom and board sub-committee experience includes ASX listed, statutory, proprietary and not-for-profit organisations covering the industrial, financial, educational, professional services, property, local government, agribusiness, health and resources sectors.

Les Guthrie | Non-Executive Director

Les Guthrie (aged 68) brings 40+ years of experience to Neometals including senior global roles within corporate and project management and capital programme development. He was VP Projects for BHP Billiton, Head of Projects and President LNG for BG Group, President of Aker Kvaerner Inc. and he was also the MD of Kvaerner Australia. Les is one of the founding advisors to the John Grill Centre for Project Leadership.

Dr Jennifer (Jenny) Purdie | Non-Executive Director

Jenny Purdie (aged 55) is an experienced executive in the resources and energy sector, with an extensive career spanning senior technology, strategic and operations roles in leading mining and energy companies both in Australia and overseas. Jenny served as Executive General Manager Gas Distribution with Jemena, Chief Executive Officer with Adani Renewables Australia, Executive Vice President – Enterprise Services at rail freight company Aurizon, Global Practice Leader for Rio Tinto's Technology and Innovation team and GM of Alcoa's Pt Henry Aluminium smelter and associated coal-fired power station and mine, and is currently employed as an Asset President at BHP. Jenny has a PhD and Bachelor of Engineering, an Executive MBA, is a fellow of the Institution of Chemical Engineers and a graduate of the Australian Institute of Company Directors.

Douglas (Doug) Ritchie | Non-Executive Director

Doug Ritchie (aged 65) is a senior resources industry executive with over 35 years' experience, including over 28 years working with Rio Tinto. Mr Ritchie has considerable international corporate experience, including in China. He has been a director of various ASX and HKSE listed companies as well as research and commercialisation organisations

Dr Natalia Streltsova | Non-Executive Director

Natalia Streltsova (aged 60) is a PhD qualified chemical engineer with 25+ years minerals industry experience, including over 10 years in senior technical and corporate roles with mining majors – WMC, BHP and Vale. Dr Streltsova has considerable international experience covering project development and acquisitions in South America, Africa and the Former Soviet Union. She is currently a Non-Executive Director of Western Areas Limited and Ramelius Resources Limited and Chair of Australian Potash Limited.

Christopher (Chris) Reed | Managing Director / CEO

Chris Reed (aged 49) started in the mining industry in 1990 and co-founded the Company in 2001. Chris holds a Bachelor of Commerce from the University of Notre Dame and a Graduate Certificate in Mineral Economics from WA School of Mines. He is a Member of the AusIMM and served as Vice-President of the Association of Mining & Exploration Companies for 10 years.

B. Senior Management and Employees

Jason Carone | CFO & Company Secretary

Jason Carone (aged 45) holds a Bachelor of Commerce in Accounting and Business Law from Curtin University and is a member of the Institute of Chartered Accountants, and Chartered Secretaries. He has over 20 years' experience in accounting, company administration in Australia and South East Asia across a broad range of industries. Jason has been with Neometals for 14 years.

Michael Tamlin | COO

Michael Tamlin (aged 62) is responsible for the development and commercialization of Neometals' Lithium Refinery and LIB recycling projects. Mike has a degree in Metallurgy and more than 30 years' experience in metals industries covering lithium, tantalum, vanadium, base metals, industrial minerals and chemicals. His lithium experience covers the development of the global chemical and technical spodumene market, hard rock and brine lithium projects in Australia, China, South America and Canada. He has a strong track record in maximising commercial performance, developing and implementing strategy and brings experience in the development of lithium projects, lithium supply negotiation, lithium markets and management at executive level.

Darren Townsend | CDO

Darren Townsend (aged 52) is responsible for all aspects of the development studies of Neometals' VRP and Barrambie Titanium and Vanadium Project. Darren holds an Executive Master of Business Administration and a Bachelor of Engineering (Mining Engineering – Honours). He has over 28 years mining industry experience with over 20 years in senior management roles in specialty (Vanadium, Titanium, Tantalum, Lithium, Rare Earths) and precious metals and bulks.

C. Employee Share Schemes

As at the date of this document, the following Performance Rights under the Performance Rights Plan were on issue:

Security	Vesting Date	Re-testing Date	Number of Performance Rights
Employee Performance Rights	30 June 2022	31 December 2022	4,782,162
Employee Performance Rights	30 June 2023	31 December 2023	6,810,702
Employee Performance Rights	30 June 2024	31 December 2024	2,661,470
Non-executive director Performance Rights	30 June 2022	—	239,051
Consultant Performance Rights	30 June 2022	—	300,000
Consultant Performance Rights	30 June 2023	—	500,000

Further details of the terms of the Performance Rights Plan are set out in paragraph 12 of Part VI of this document.

12. Lock-In

The Directors have each agreed with the Company and Cenkos, pursuant to the Introduction Agreement, not to dispose of their interests in Ordinary Shares and of any securities convertible into shares in the Company held or acquired by them for a period of at least 12 months from the date of Admission (the **Lock-in**).

The Lock-In restrictions are subject to a number of exceptions, including, but not limited to, a disposal pursuant to; (i) an order made by a court with competent jurisdiction; or (ii) a *bona fide* takeover bid made to all holders of the shares of the Company or similar acquisition transaction; or (iii) with the prior consent of Cenkos.

The aggregate interests following Admission which shall be subject to the lock-in provisions in the Introduction Agreement, as described above, will amount to 9,565,609 Ordinary Shares, representing approximately 1.74 per cent. of the Ordinary Shares on Admission.

13. Corporate Governance

The Board is responsible for the governance of Neometals. The Board considers good corporate governance to be central to the effective and efficient operation of the Company. As such, the Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments (together, the **Charter**).

The Company's Charter is considered to be complementary to and in alignment with the ASX Corporate Governance Council Principles and Recommendations 4th Edition 2019 (the **ASX CGC P&R**). The Charter has also been amended to reflect the corporate governance requirements of an admission to trading on AIM. The amended Charter was formally adopted by the Board on 16 February 2022. Prior to this date the Company's Charter reflected the position outlined exclusively in the ASX CGC P&R.

Neometals is not required to comply with the provisions of the UK Corporate Governance Code, issued from time to time by the Financial Reporting Council.

From Admission, the Company will continue to implement corporate governance practices and procedures consistent with those standards applied by public companies in Australia, specifically the practices recommended in the ASX CGC P&R.

The ASX CGC P&R articulate eight core corporate governance Principles, with commentary about implementation of those Principles in the form of Recommendations. Under ASX Listing Rule 4.10.3, the Company is required to prepare a corporate governance statement disclosing the extent to which it has followed the Recommendations in the reporting period. The latest such statement is available at

<https://www.neometals.com.au/investors/corporate-governance/>.

Where a recommendation has not been followed, the fact must be disclosed, together with reasons for the departure from the Recommendation. In addition, a number of the Recommendations require the disclosure of specific information in the corporate governance statement.

It is noted that the Company only has one executive Director on its Board, which is common practice in Australia but is not in line with common practice in the UK or with UK corporate governance guidelines. The Board as a whole has access to the Company's senior management and are able to request attendance at Board meetings to the extent required.

The ASX Principles differ somewhat from those set out in the QCA Code. However, the Board believes that, other than set out above, the Company complies with the QCA Code in all respects.

Pursuant to the Company's Corporate Governance Charter (available at <https://www.neometals.com.au/investors/corporate-governance/>)), the Board has established the following four committees:

A. Audit Committee

The Audit Committee's remit is to oversee and act as a recommending, monitoring and review forum of the Board in connection with (i) the Group's financial position, performance and reporting integrity and (ii) internal and external audit functions of the Group. The Audit Committee shall be comprised of at least three members, all of whom shall be non-executive Directors and the majority of whom shall be independent non-executive Directors.

At Admission, the Audit Committee shall consist of the following persons:

Name	Position
Mr Douglas Ritchie	Chairman
Dr Natalia Streltsova	Member
Dr Jennifer Purdie	Member
Mr Steven Cole	Member

B. Remuneration Committee

The Remuneration Committee's remit is to oversee and act as a recommending, monitoring and review forum of the Board in connection with Board member, CEO and senior executive remuneration. The Remuneration Committee shall be comprised of an independent non-executive director (as Chair) and at least two other non-executive directors.

At Admission, the Remuneration Committee shall consist of the following persons:

Name	Position
Mr Steven Cole	Chairman
Mr Les Guthrie	Member
Dr Natalia Streltsova	Member

C. Nomination Committee

The Nomination Committee's remit is to oversee and act as a recommending, monitoring and review forum of the Board in connection with (i) Board member, chair, Board committee, Board committee chairs and CEO identification, succession planning, evaluation/review, induction and professional development, and (ii) diversity policy. The Nomination Committee shall be comprised of an independent non-executive director (as Chair) and at least two other non-executive Directors. The majority of the members should be independent non-executive directors.

At Admission, the Nomination Committee shall consist of the following persons:

Name	Position
Mr Steven Cole	Chairman
Dr Jennifer Purdie	Member
Mr Douglas Ritchie	Member

D. Risk Committee

The Risk Committee's remit is to oversee, review and act as a recommending, monitoring and review forum of the Board with respect to risk identification, management and mitigation within the Group. The Risk Committee shall be comprised of an independent non-executive Director (as Chair) and at least two other non executive Directors.

At Admission, the Risk Committee shall consist of the following persons:

Name	Position
Dr Natalia Streltsova	Chairman
Mr Steven Cole	Member
Mr Douglas Ritchie	Member
Mr Les Guthrie	Member

E. Share Trading Policy

The Corporate Governance Charter sets out the Company's policy on trading (buying, selling or other dealing) in its Ordinary Shares (or any other equity, debt or derivative instruments, including instruments to limit the economic risk of other securities held which are related to the Company's Ordinary Shares).

The principle behind this policy is to ensure that Directors, officers and employees, and persons associated with them, including family members and business associates (together **Insiders**), must not trade in the Company's securities nor place themselves in a position where it may reasonably be perceived they have been trading in the Company's securities other than in compliance with the policy.

The policy is designed to seek to ensure that:

- Insiders do not breach insider trading laws under the Corporations Act or MAR;
- Insiders do not trade Company securities while they may be in possession of market price sensitive information which has not been released to the ASX announcements platform by the Company and regulatory service in the UK (including due to exceptions that may apply to the need to release that information);
- perceptions cannot arise that Insiders may be taking advantage of their position in the Group (or that of a person with whom they are associated), even if such perceptions are wrong or unsubstantiated.

14. Reasons for Admission

The Directors are seeking to list the Company's Ordinary Shares on AIM as part of Neometals' strategy to capitalise on substantial UK and European investor interest in the Company's role supporting sustainable circular battery value chains.

Neometals' projects are advancing towards development decisions and the Directors believe it is an appropriate time to maximise liquidity and better access pools of European investment capital. Admission to AIM aligns the physical location of several core projects with an existing and targeted shareholder base and will also extend the trading window available to investors.

The Directors believe that the profile and status of Neometals will be enhanced by Admission.

15. Admission, CREST, Depositary Interests and Settlement

A. Admission to AIM and dealings in Ordinary Shares

The Ordinary Shares have been created pursuant to the Articles and under the Australian Corporations Act. Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 28 February 2022.

B. CREST and depositary interests

Securities issued by companies not incorporated in the UK, Isle of Man or Channel Islands, such as Neometals, cannot be held electronically (i.e. in uncertificated form) or transferred in CREST. In order to be traded on AIM, securities must be able to be transferred and settled through the CREST system, a UK computerised paperless share transfer and settlement system operated by Euroclear, which allows shares and other securities, including depositary interests, to be held in electronic rather than in paper form. Depositary interests representing underlying shares can allow securities to be dematerialised and settled electronically.

Accordingly, the Ordinary Shares will not themselves be admitted to CREST. Instead, Neometals, through its Depositary, will have a facility whereby Depositary Interests, representing Ordinary Shares, will be issued by the Depositary to persons who wish to hold the Ordinary Shares in electronic form within the CREST system. Under the terms of the Depositary Deed Poll, the Depositary (or its custodian, if appointed) will hold Ordinary Shares in uncertificated form on trust for Shareholders and it will issue uncertificated Depositary Interests (on a one-for-one basis) representing those underlying Ordinary Shares and provide the necessary custodian services. The relevant Shareholders will retain the beneficial interest in the Ordinary Shares held through the Depositary Interest facility and voting rights, dividends or any other rights relating to those Ordinary Shares will be passed on by the Depositary (or its nominee) in accordance with the terms of the Depositary Deed Poll. The Depositary Interests can then be held and settled within the CREST system in the same way as any other CREST security.

Each Depositary Interest will be treated as one Ordinary Share for the purposes of determining eligibility for dividends and voting entitlements. In respect of any dividends declared, Neometals will provide the Depositary (or custodian, if appointed) with funds for the payment and the Depositary will transfer the money to the DI Holders. In respect of voting, the Depositary will cast votes in respect of the Ordinary Shares as directed by the DI Holders which the relevant Ordinary Shares represent.

The Depositary Interests will be created pursuant to and issued on the terms of the Depositary Deed Poll. Prospective DI Holders should note that they will have no rights in respect of the underlying Ordinary Shares or the Depositary Interests representing them against CREST or its subsidiaries. The Depositary Interests will have the same ISIN as the underlying Ordinary Shares and will not require a separate application for admission to trading on AIM.

A holder of the Ordinary Shares on the share register of Neometals maintained in Australia (the **Share Register**) (a **Shareholder**) will be able to do the following to obtain a Depositary Interest for its Ordinary Shares: a) in the case of a Shareholder on the issuer sponsored sub-register by completing a Depositary Interest issuance request form, and returning this with original certified ID, to the Share Registrar; or b) by contacting their sponsoring Australian CHES Participant to request a conversion of their Ordinary Shares into Depositary Interests issued in the UK. This is relevant to Shareholders that hold their Ordinary Shares on the CHES sub-register. In both cases, the Ordinary Shares will be transferred to the Depositary's Custodian. After these steps are completed, a Depositary Interest can be created and is then issued to the CREST participant that the Shareholder, or the Shareholder's broker, requested on the Depositary Interest issuance request form.

If a DI Holder wishes to cancel its Depositary Interest, it will either directly or through its broker instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that appears on the DI Register. The Depositary Interest will then be cancelled by the Depositary and the related Ordinary Share will be transferred to the holder on the Share Register by the Share Registrar. A holding statement will then be sent to the Shareholder's registered address.

Details of the Depositary Agreement and the Depositary Deed Poll are set out in paragraph 14L and 14M of Part VI of this document.

C. Settlement

Application has been made for the Ordinary Shares, in the form of Depositary Interests, to be admitted to CREST, with effect from Admission, and CREST has agreed to such Admission. Accordingly, following Admission, the settlement of trading in the Ordinary Shares conducted on AIM will be in the form of Depositary Interests within the CREST system. If the relevant Shareholders so wishes, and is able under their broking arrangements, they can request to convert their Ordinary Shares held on the Share Register into Depositary Interests held in CREST. Shareholders who wish to continue holding their Ordinary Shares in uncertificated form on the Share Register, and trade on the ASX, will still be able to do so.

16. Takeover and Ownership restrictions

A. Australian Corporations Act

As the Company is incorporated in Australia, the Takeover Code does not apply and, accordingly, Shareholders are not entitled to the protections afforded by the Takeover Code. However, the Company is subject to the Australian Corporations Act and Shareholders will have the benefit of the protections afforded by Chapter 6 of the Australian Corporations Act, which are similar or analogous to certain provisions of the Takeover Code.

The Australian Corporations Act prohibits the acquisition of a "relevant interest" (the power to vote or dispose of a share) in issued voting shares in a listed company, such as Neometals, where, as a result of the acquisition, that person's or someone else's voting power in the company:

- increases from 20 per cent. or below to more than 20 per cent.; or
- increases from a starting point that is above 20 per cent. and below 90 per cent.

Under the Australian Corporations Act, a person's "voting power" is defined in broad terms and includes any relevant interest in shares held by a person and their associates, as defined in sections 10 to 17 of the Australian Corporations Act.

If a person wishes to acquire voting power of more than 20 per cent. of a company, or increase a holding which is already beyond 20 per cent. (but less than 90 per cent.), the person must do so under one of the available exemptions. The key exemption are: (i) where the person does not acquire more than 3 per cent. of the voting shares in the company in any six-month period; (ii) the acquisition is made under an entitlement offer (including in the capacity as an underwriter or sub-underwriter); (iii) the acquisition is made with Shareholder approval; or (iv) the acquisition is made under a takeover bid (or pursuant to a members' scheme of arrangement) made in accordance with Australian law. Takeover bids must treat all Shareholders alike and must not involve any collateral benefits. Various restrictions about conditional offers exist and there are also substantial restrictions concerning the withdrawal and suspension of offers.

A person who holds voting power of more than 90 per cent. in a company may conduct a compulsory acquisition of all remaining shares under the Australian Corporations Act. This ability to compulsorily acquire all remaining shares can arise following a takeover bid (if at least 75 per cent. of the shares the subject of that takeover bid were accepted into the bid) or from a general compulsory acquisition power under the Australian Corporations Act. Separate from the concept of conducting a compulsory acquisition, if a person reaches voting power of 90 per cent. (or more) as a result of a takeover bid, then that person must make an offer to all minority Shareholders to acquire their shares (giving them the option to accept that offer). The Australian Corporations Act also provides for circumstances in which other securities of a company (eg convertible securities) may be compulsorily acquired.

B. Australian Foreign Acquisitions and Takeovers Act

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisitions of shares and voting power in an Australian company of 20 per cent. or more by a single foreign person and its associates (substantial interests), or 40 per cent. or more by two or more associated foreign persons and their associates (aggregate substantial interests). Where a foreign person holds a substantial interest in the Company or foreign persons hold an aggregate substantial interest in the Company, the Company itself will be a 'foreign person' for the purposes of the FATA.

Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer of Australia, and the Federal Treasurer of Australia has either stated that there is no objection to the proposed acquisition in terms of the Australian Commonwealth Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, in accordance with the FATA, acquisitions of a direct investment in an Australian company by foreign governments and their related entities must be notified to the Foreign Investment Review Board for approval, irrespective of value. According to the FATA, a 'direct investment' will typically include any investment of 10 per cent. or more of the shares (or other securities or equivalent economic interest or voting power) in an Australian company but may also include investment of less than 10 per cent. where the investor is building a strategic stake in the target or obtains potential influence or control over the target investment.

17. Australian Mining and Regulatory Environment

A. Australia's mining legislation

The regulatory framework for the mineral extraction process is divided throughout the three levels of government, Australian Federal Government, State and Territory governments and local governments.

The Barrambie project is covered by Western Australia exploration licences, mining leases, and miscellaneous licence applications and miscellaneous licences. The *Mining Act 1978* (WA) (**Mining Act**) and *Mining Regulations 1978* (WA) provide the legislative framework for acquiring and holding mining tenements in Western Australia. In addition, mining tenements are subject to the *Aboriginal Heritage Act 1972* (WA) (**WA Heritage Act**) and the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**), which preserve and protect areas and objects that are of particular significance to Aboriginals per Aboriginal tradition from injury or desecration.

The mineral resource at Barrambie is secured under a mining lease granted pursuant to section 71 of the Mining Act (**Mining Lease**). The holder of a Mining Lease is entitled to enter the area of the Mining Lease and undertake operations for the purpose of mining and extracting minerals. The holder has exclusive rights to the land for the purpose of mining. As the Australian State holds the rights to all minerals in Western Australia, holders of Mining Leases must pay a royalty, which for non-industrial minerals is an *ad valorem* royalty, being 2.5 per cent. of the royalty value for metals to the Australian State on the minerals extracted from the tenement. The holder of a Mining Lease is also required to pay an immaterial levy each year to the Mining Rehabilitation Fund depending on the type of ground disturbance that has occurred on the tenement.

A Mining Lease has a term of 21 years and may be renewed for successive periods of 21 years on such terms and conditions as the Minister for Mines and Petroleum (the **Minister**) sees fit. A renewal will be granted as of right where the application for extension of term is lodged with the Department of Mines, Industry Regulation and Safety, Western Australia (**DMIRS**) using the prescribed form (Form 9) during the final year of the term of the tenement concerned. The tenement will continue in force pending the renewal being determined. The consent of the Minister is required to transfer a Mining Lease.

Mining Leases are granted subject to various standard conditions relating to minimum annual expenditure of A\$100 per hectare, a minimum A\$5,000 for 5ha or less, otherwise A\$10,000, the payment of rent of A\$22 per hectare or part thereof and observance of environmental protection and reporting requirements. Non-compliance with these conditions may lead to the Mining Lease being forfeited. A holder of a prospecting licence, exploration licence and Mining Lease may apply for the grant of a certificate of exemption from the expenditure obligation for an expenditure year on various prescribed grounds. The Mining Warden and/or Minister may grant a certificate of exemption for any one expenditure year and up to five expenditure years for Mining Leases.

B. Aboriginal and Heritage Sites

A mining tenement may contain sites or objects of Aboriginal significance. To ensure compliance with the applicable legislation and industry standards, it is usual course for a company to conduct heritage surveys to determine if any sites or objects of Aboriginal significance exist within the area of the tenements. It may be necessary for the Company to enter into heritage-centric agreements with the traditional owners of the sites or objects of Aboriginal significance to facilitate a heritage survey prior to undertaking any ground disturbing work on areas which have not previously been heritage cleared.

Mining tenements are granted subject to conditions requiring compliance with the WA Heritage Act. It is an offence to alter or damage a sacred ritual or ceremonial Aboriginal site or object and any area of significance to an Aboriginal site or any objects on or under that site.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make declarations of preservation regarding areas and objects that are of particular significance to Aboriginals per Aboriginal tradition. Declarations can potentially halt exploration and mining activities. However, compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation. There are currently three declarations in effect under the Commonwealth Heritage Act, none of which relate to areas or objects in Western Australia.

C. Environmental

The DMIRS assesses environmental proposals for prospecting, mining exploration and development activities in accordance with the Mining Act for onshore mining activities in Western Australia. Environmental approvals for mining activities in Western Australia are granted in accordance with the Mining Act, which are required for, *inter alia*, work programmes, mining proposals and mine closure plans.

Under the Mining Act, environmental compliance for Mining Leases is monitored by way of the submission of annual environmental reports and mine closure plans. It is a statutory condition of every Mining Lease that a mining proposal must be lodged and approved by DMIRS before any mining operations can be carried out on the Mining Lease. The mining proposal must contain a mine closure plan, which is a document in the prescribed form which contains information regarding the decommissioning of the mine and rehabilitation of the land, which is reviewed every three years and lodged with DMIRS.

It is a statutory condition of the licences that the mine closure plan must be submitted every three years. In addition, it is a condition of each of the mining tenements that the leaseholder submit to the Environmental Division of DMIRS an annual environmental report that outlines the project's operations, mine site environmental management and rehabilitation work undertaken in the previous 12 months and the proposed operations, environmental management plans and rehabilitation programmes for the next 12 months.

Under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (**EPBC Act**) environmental assessment and approval is required for actions that are likely to have a significant impact on a matter protected by the EPBC Act. When a person proposes to take an action that they believe may need approval under the EPBC Act, they must refer the proposal to the Australian Government Minister for the Environment for approval.

18. Taxation

Information regarding certain taxation with respect to Common Shares and Admission is set out in Part IV of this document. These details are, however, intended only as a general guide to the current position under UK and Australian taxation law. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject as well as the relevant laws of the Company's country of incorporation. Shareholders who are in doubt as to their tax position should consult their professional advisers immediately.

19. Further Information

Your attention is drawn to Part II of this document which contains risk factors relating to Neometals and its operations and to Part VI which contains additional information on Neometals.

Part II

Risk Factors

Investing in the Company is speculative and involves a high degree of risk. You should carefully consider the entire contents of this document, including, but not limited to, the risk factors described below, before making any investment decision in the Company. As at the date of this document, the Directors consider the following risks to be the material risks of which they are aware and the most significant risks for Shareholders and potential investors. Such risks have not been set out in any order of priority.

The information below does not purport to be an exhaustive list of relevant risks, since the Group's performance might be affected by other factors including, in particular, changes in market and/or economic conditions or in legal, regulatory or tax requirements. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information contained in this document and their individual circumstances. An investment in the Ordinary Shares should only be made by those with the necessary expertise to evaluate fully such an investment.

Prospective investors are advised to consult an independent adviser authorised under FSMA if they are resident in the UK, or, if they are not resident in the UK, from another authorised independent adviser. If any of the following risks relating to the Group were to materialise, the Group's business, financial condition and results of future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his, her or its investment. In addition, you should note that the risks described below are not the only risks faced by Neometals. In particular, there may be additional risks that the Directors currently consider not to be material or of which they are not presently aware.

1. General Risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result. A prospective investor should consider with care whether an investment in the Company is suitable for him in light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full or any amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

2. Risks Relating to Neometals and its Business

(a) *The Group may not expand or operate as envisaged*

Neometals success depends on its ability to expand, operate and manage successfully its operations. Its ability to expand successfully will depend upon a number of factors, including the continued development of its business and projects, the successful commercialisation of its projects, the development of the supply chain and the successful commercialisation of its technologies at an economic price the hiring, training, and retention of additional personnel, the ability to enhance its operational, financial, and management systems, the availability of adequate financing, competitive factors, general economic and business conditions and the ability to implement methods for revenue generation.

There can be no assurance that Neometals can successfully achieve any or all of its business objectives in the manner or time period that it expects. In order to achieve its objectives, the Group will be required to invest in projects that may result in short-term and long-term costs without generating any current revenue and therefore may be dilutive to earnings. Neometals

cannot provide any assurance that it will realise, in full or in part, the anticipated benefits it expects from its growth strategy. Failure to achieve its business objectives could have a material, adverse effect on Neometals' business, results of operations or financial condition.

(b) Project development

The Company has an interest in a number of pre-commercialisation projects, including the Barrambie project and its European joint venture projects. Whilst there has been significant progress made towards final investment decisions at all of the Company's projects, there can be no guarantee that any project will receive a positive final investment decision or prove to be commercially viable in the future. Each project is fully funded to its final investment decision and there are industry partners involved in the joint ventures, however, the Company cannot guarantee the successful output of any of these projects.

Each project will be subject to the necessary technical assessments and feasibility studies. As with all new technologies, the LIB recycling flowsheet and vanadium recovery projects may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop the technology to the sufficient standard, quality, volume and cost that make the projects economically viable. There can be no guarantee that the commercial scale plant for the LIB recycling project will operate at the expected outputs based on the successful pilot plant and demonstration plant. Performance could be impacted by a number of factors, including damage, environmental factors, maintenance, feedstock supplies, design failings and quality control.

Furthermore, with all the Company's projects there can be no guarantee that the output will meet the requirements of the regulatory certification or testing processes or that they will meet the regulatory or production requirements necessary for commercial distribution. If the Company's development programme is curtailed due to any of the above issues, this may have a material adverse effect on the Company's business model and financial performance.

(c) Technology risk

Neometals is at the early stage of commercialisation of its technology projects. Performance data is taken from the results of pre-feasibility testing and demonstration plants. As the first commercial operations are yet to be commissioned there is a risk that larger scale projects will not match the extrapolated performance data from the early results and upgrades and investment will be required to meet the performance criteria. The Directors acknowledge that scaling up to full commercial services is not guaranteed but that every effort has been made to provide an accurate assessment of potential performance.

(d) Technology advancement risk

As the energy storage megatrends is a relatively young sector it is inevitable that new technologies will become available. The Group can give no assurances that such advances will not put the Group in an uncompetitive position.

(e) Failure to protect the Group's intellectual property

Neometals has developed a proprietary process relating to the technology involved in many of its projects, particularly its lithium-ion battery recycling joint venture. The Group relies on various intellectual property rights, including patents, copyrights, trademarks and trade secrets, as well as confidentiality provisions and contractual arrangements, and other forms of statutory and common law protection to safeguard its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Group's intellectual property. If Neometals does not protect and enforce its intellectual property rights adequately and successfully, its competitive position may come under threat, which could adversely affect the Group's business, prospects, financial condition, and operating results.

The Group currently has a number of pending patent applications and, whilst the Directors are confident that these applications will lead to granted patents, there can be no guarantee that any of these applications will be granted. Only a granted patent right can be enforced and it is not currently possible to predict the scope of any future granted rights with any certainty. The following risks should be noted as to why the pending patent applications may not result in granted patents:

- separate patentability searches are performed nationally after applications are filed in the various desired countries. If relevant new prior art is found, a national patent office may raise new objections to the national application, which could impact the other national applications. The Group has received no such notifications as at the date of this Document;
- most patent offices provide a mechanism for third parties to file objections against pending patent applications. The patent office will usually require the applicant to address the issues raised in order to grant or maintain a patent; and
- once a patent is granted it can still be challenged by third parties.

There may not be adequate protection for the Group's intellectual property in every country in which the Group sells its services and technology and policing unauthorised use of proprietary information is difficult and expensive. It may not be possible to identify all instances of infringement and take the necessary action against these instances due to the global scale of the marketplace. Should a third party successfully demonstrate priority over any of these rights, it could inhibit the Group from using its technology in certain territories.

The steps which the Group has taken and intends to take to protect its intellectual property may be inadequate to prevent the misappropriation of its proprietary technology. Any misappropriation of the Group's intellectual property could have a negative impact on the Group's business and its operating results. Furthermore, the Group may need to take legal action to enforce its intellectual property, to protect trade secrets or to determine the validity or scope of the proprietary rights of others. Litigation relating to the Group's intellectual property, whether instigated by the Group to protect its rights or arising out of alleged infringement of third-party rights, may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation, or that it can be effectively used to enforce the Group's rights.

(f) Reliance on the current lithium-ion batteries composition

Neometals proprietary technology is focused on the recycling capability for the current feedstock of lithium-ion batteries. Should the composition of the batteries be developed or alternative battery technologies be adopted, this could have a material, adverse effect on the financial condition, operational performance and business of Neometals. The current and next generation of batteries are anticipated to use cobalt and nickel as key components of their production. These metals are in high demand and have a lower supply, resulting in these metals demanding a higher price at the point of sale. Should future technology place less reliance on these metals, the output of the Neometals proprietary process may have a lower end value, materially and adversely affecting the revenues of the business.

(g) Covid-19, etc

A high degree of uncertainty exists around the impact of the COVID-19 pandemic on the economy and the Group. Given a significant number of Government schemes designed to support the economy through the pandemic are still in place, the full economic impact of COVID-19 is unknown. It has been suggested that the economic fall-out from COVID-19 could trigger a deep, long lasting recession which could significantly impact the Group. In addition, COVID-19 restrictions that are introduced by governments may involve travel restrictions and disruptions to supply chains which may also have an adverse effect on the Group's ability to operate its business.

Finally, there may also be changes as a consequence of COVID-19 that impact the Group and its trading in the future, but which are currently unknown to the Directors and cannot be reasonably predicted. All these factors have the potential to significantly affect the viability of the Group's business model and its ability to be able to trade.

(h) The Group is exposed to commodity prices

Neometals' LIB recycling project operates in a market which is driven by the benchmark prices for the metals contained within the feedstock, such as lithium, nickel and cobalt. Fluctuations in the prices of these commodities will affect Neometals revenues and declines in these prices could have a material adverse effect on the financial condition and operational performance of the Group.

World titanium prices are quoted in United States dollars and the price received by Australian producers is therefore affected by the Australian/United States dollar exchange rate, which will fluctuate over time. Future Australian/United States dollar exchange rates could accordingly impact the future value of the Company's reserves as determined by independent evaluators.

(i) *Relationship with key suppliers*

The Group's success depends on its ability and future ability to secure raw materials; however, this ability may be impacted by numerous factors, including global demand or other factors limiting the availability, cost or quality of supply, which would impact upon the Group's performance.

(j) *Non-binding commercial agreements*

The Group, Primobius and Critical Metals have entered into a number of non-binding memorandums of understanding with third parties in relation to the evaluation and development of the lithium-ion battery recycling project, vanadium recovery project and Barrambie titanium project.

Whilst these non-binding memorandums of understanding evidence a commercial intention to carry out evaluation activities and negotiate binding full form agreements, as the memorandums of understanding are non-binding agreements, there is no certainty that they will result in the parties entering into binding contracts (either on terms contemplated by the non-binding memorandums of understanding or at all).

(k) *Joint ventures*

The Group's interest in the lithium-ion battery recycling and vanadium recovery projects are the subject of joint venture or collaboration agreements with third parties (which will result in the establishment of a joint venture if certain milestones are met) and the Company's interest in the Barrambie titanium project could become the subject of a joint venture in the future. Whilst Neometals has experience participating in joint ventures (e.g. the Mt Marion project, which was the subject of a three-party joint venture prior to Neometals' exit), the conduct of joint venture arrangements are subject to a variety of risks, including disagreement on operational or strategic decision making, inability of counterparties to meet their financial or other joint venture commitments or breach or failure to comply with the terms of the joint venture agreement. The occurrence of these events may give rise to the right to terminate the joint venture arrangement or otherwise have a material adverse effect on the development of the projects which are the subject of the joint venture.

(l) *Environmental approvals and health & safety compliance*

The Company's operations, particularly relating to the Barrambie project, are, and will going forward be, subject to various laws and regulations relating the protection of the environment, including regular environmental impact assessments and the obtaining of appropriate permits or approvals from relevant environmental authorities. Whilst the Company believes that it will obtain the necessary approvals and permits, there can be no guarantee that these applications will be successful or that, if obtained, they will not be withdrawn or made subject to limitations that may otherwise effect the operations of the Company.

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. The Company must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on the Company's results of operations and financial condition.

The Company is also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted.

Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Although the Directors intend that the Company will operate in accordance with the highest standards of environmental practice and comply in all material respects with applicable environmental laws and regulations, full compliance may not always be ensured.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may subject the Group to extensive liability and fines and/or penalties and have an adverse effect on the business, results of operations, or prospects of the Company. In particular, a violation of health and safety laws relating to a mine, or other plant or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, or other plant, a loss of the right to mine or to use other plant, or the imposition of costly compliance procedures. If health and safety authorities require the Company to shut down all or a portion of a mine, or other plant or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on the Company's results of operations or financial condition. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Company's business or have an otherwise negative impact on its operations. Any changes to, or increases in, the current level of regulation or legal requirements may have a material adverse effect upon the Company in terms of additional compliance costs.

Any environmental damage, loss of life, injury or damage to property caused by the Company's operations could damage the Company's reputation in the areas in which the Company operates. Negative sentiment towards the Group could result in a lack of willingness of authorities to grant the necessary licences or permits for the Company to operate its business and in residents in the areas where the Company is doing business opposing further operations in the area by the Company. If the Company develops a reputation of having an unsafe work site it may impact the ability of the Company to attract and retain the necessary skilled employees and consultants to operate its business. Further, the Company's reputation could be affected by actions and activities of other corporations operating in the mining industry, over which the Company has no control. In addition, environmental damage, loss of life, injury or damage to property caused by the Company's operations could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Ordinary Shares.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive.

Although the Board believes that the Company will be in compliance in all material respects with applicable environmental laws and regulations and will hold all necessary approvals and permits under those laws and regulations by the time operations commence, there are certain risks inherent in the Company's activities and those which it anticipates undertaking in the future, such as, but not limited to, risks of accidental spills, leakages or other unforeseen circumstances, that could subject the Company to potential liability. The Company therefore cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results from operations.

(m) Climate change

The physical effects of climate change, which may include extreme weather events, resource shortages, changes in rainfall and storm patterns, water shortages and changing sea levels and temperatures may have an adverse effect on the Company's operations. Events or

conditions such as flooding or inadequate water supplies could disrupt exploration and development operations damage the Group's property or equipment and/or could increase health and safety risks on mining sites. Such events or conditions could also have other adverse effects on the Company's operations, the Group's workforce and on the local communities surrounding the Company's projects.

Furthermore, the Company's operations and future projects depend on consistent supplies of essential commodities and other essential inputs to operate efficiently. In the event that the effects of climate change, including extreme weather events, cause prolonged disruptions to the delivery of essential commodities and other essential inputs, or affect the prices or availability thereof, the Company's production at its operations may be reduced, delayed or halted, and as a result the profitability of the Company's business may be materially affected.

Currently, a number of governments or governmental bodies throughout the globe have introduced or are contemplating regulatory changes in response to the potential impacts of climate change in an effort to curb greenhouse gas emissions. Additionally, ongoing international negotiations may result in the introduction of climate change regulations or frameworks on an international scale. These developments, and the costs associated with complying with such kind of measures, may have an adverse impact on the Company's operations and the profitability of the Company's business.

(n) *Maintenance of feedstock supply, off-take agreements and new customers*

Neometals will be required to maintain and gain further feedstock supply commitments and additional customers, including via off-take agreements. Supply of feedstocks may be impacted for a number of reasons out of the control of the Group, such as force majeure or government regulatory factors that are unrelated to the Group. Similarly, customers may fail to perform under their contracts for reasons beyond the control of the Group and there is no track record of customers commitment to their contracts with Neometals. In order for the Group to achieve its strategic objectives it will require the development of new feedstock supply agreements and customer contracts. It is not certain that either new feedstock arrangement or customer contracts will be obtained due to competition for suppliers and customers, and the negotiating process for supplier and customer contracts, which may be affected by factors that Neometals cannot control, such as market and economic conditions, financing arrangements, commodity prices, environmental issues and government policies.

(o) *Mineral Resources and Ore Reserves are estimates only*

The Company has a JORC Code (2012) compliant Mineral Resource estimate over the Barrambie project but, there can be no certainty that the mineral resources, or any ore reserve, will be mined and processed. Whilst the overall geology of the Barrambie deposit is well understood, the mineralisation of the deposit is complex, with the estimation of the mineral resource and ore being subject to a degree of interpretation and opinion. Accordingly, there can be no assurance that the presented ore reserves can be extracted economically, or any mineral resources will result in proven or probable ore reserves being attributed to the Company. Until the deposit is actually mined and processed, the quantity and grade of the mineral resources and ore reserves must be considered as estimates only.

Any material changes to the quantity of mineral resources, or any mineral reserve, or grade, may affect the economic viability of future mining operations. Any material reductions in the estimates of mineral resources, or mineral reserves, or the Group's ability to extract any ore, could have a material adverse effect on the Company's future results of operation and financial condition.

Mineral Resource estimates are estimates of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. Mineral Resource estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the Company's mineral resources could affect the Company's development and mining plans.

(p) *Title risk and native titles*

The Company holds 100 per cent. of the interest in the tenements covering the Barrambie project, noting L20/080 and L20/081 are pending applications and presently the subject of objections (see comments below). The tenements come with various conditions and obligations attached which require the holder to undertake certain actions in relation to the tenements. There are no known litigation or disputes relating to the Barrambie tenements but this does not guarantee that any such action will not be raised in the future and potentially impact on the Company's ability to carry out activity on the property. Any such action may result in the title to land being terminated, revoked or withdrawn in certain circumstances.

The locations of the Barrambie tenements (except for E57/1041-I) are within the native title determination area for the Gilla on behalf of the Yugunga-Nya People (WCD2021/008 / WAD29/2019). As a result, procedural rights are afforded to the native title holders under the Native Title Act 1993 (Cth). The register of claims does not always contain complete records and the Company cannot guarantee that future claims will be lodged or identified. The result of any such action may have a negative impact on the Company's title rights or financial performance and may result in title to land being terminated, revoked or withdrawn in certain circumstances.

(q) *Renewal of tenements and granting of new tenements*

The Company's activities on the Barrambie project are dependent on the granting, renewal or continuance of the licences, permits, authorisations and regulatory approvals and consents, future activity may be subject to limitations and may result in termination, revocation or withdrawal in certain circumstances. Tenement licences may be granted only for a defined time period and be subject to limitations or other conditions related to operational activities.

The applications for tenements with regards to Miscellaneous Licence 20/80 and Miscellaneous Licence 20/81 are subject resolution of objections lodged by Minex (West) Pty Ltd. There can be no guarantee that the objections will be settled or resolved in favour of the Group and if they are not then the Group will have to reconsider its position and approach in relation to the tenements in question and the proposed development plan.

Whilst the Company currently holds valid tenements or applications for tenements as defined in Table 3.1 of Part III to this document, this should not be construed as a guarantee of the title, rights and interest or that all these tenements will be renewed when they expire and if they are renewed that some of the areas under the tenement will not have to be relinquished. Table 3.1 of Part III of this document shows the current tenements held and the current expiry dates of these.

(r) *Future tenement activities*

The future activities of the Company may be dependent on the acquisition or grant of new tenement licences and rights, planning and environmental permissions or authorisations. There can be no assurance that the Company will be able to obtain all necessary licenses, tenements and permits that are required to carry out exploration and development at newly identified or existing properties. Regulations and policies relating to licences, tenements and permits may change, be implemented in a way that the Company does not currently anticipate or take significantly greater time to obtain. These licences, tenements and permits are subject to numerous requirements, including compliance with the environmental regulations of the local governments. If the Company or the holder of the licence fails to meet the specific requirement of a licence or tenement, the licence or tenement may terminate or, expire or be subject to forfeiture. There can be no assurance that any of the obligations required to maintain each licence will be met. The termination or expiration of the Company's licences, tenements or the working interests relating to a licence or tenement may have a material adverse effect on the Company's results of operations and business.

(s) *Actions of third parties, including partners and contractors*

The Company is reliant to an extent on third parties for various products and services, for example for the provision of due diligence services, technical reviews and feasibility studies for new projects, or for project development plans at the Barrambie project, which the business requires in order to deliver its services. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A

breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of the Company. In certain circumstances, the Company may be liable for the acts or omissions of its partners. If a third party pursues claims against the Company as a result of the acts or omissions of the Company's partners, Neometals ability to recover from such partners may be limited.

(t) *Litigation*

The Group may be subject to litigation and other disputes and claims in the ordinary course of its business, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. Such litigation, disputes and claims, including the cost of settling claims or paying any fines, operational impacts or reputation damage could materially adversely affect the Group's reputation, business, operating or financial condition and results. Details of current litigation, which may have a significant effect on the financial position or profitability of the Company, are set out in paragraph 18 of Part VI of this document.

(u) *Political risk and government regulation*

The Company currently has projects in both Australia and Europe, and may in the future expand to new geographies. Changes in the laws in any jurisdiction in which the Company operates or expands into with the effect of favouring local enterprises, changing political views or approaches or regulatory environments, may make it more difficult for the Company to negotiate agreements on favourable terms, obtain required licences, comply with regulations or effectively adapt to adverse economic changes, such as increased taxes, higher costs, inflationary pressure and currency fluctuations.

Any changes to political or regulatory environments in the geographies that the Company operates are beyond its control and may significantly hamper its ability to operate its business and could have a negative impact on the financial condition of the Company or the economic viability of a specific project.

(v) *Contractual relationships with customers*

The Group recognises the need for tight contractual relationships, but there is a risk that these can break down and can lead to litigation and or contractual disputes. Both of these can be costly and time consuming and the Group recognises that such a situation is a risk. Whilst the Group will have in place procedures and controls these may not always be effective against the actions of clients and or third parties.

(w) *Reliance on key individuals*

The Group's business, development and prospects are dependent on a small number of key management personnel. The loss of the services of one or more of such key management personnel may have an adverse effect on the Group. The Directors believe that the experience, technical know-how and commercial relationships of the Group's key management personnel help provide the Group with strategic focus and a competitive advantage. The Group's ability to develop its business and achieve future growth and profitability will depend in large part on the efforts of these individuals and the Group's ability when required to attract new key management personnel of a similar calibre. The Directors believe that the loss of the services of any key management personnel, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group. The Directors believe the Group operates a progressive and competitive remuneration policy which includes share incentives and that the future development and implementation of this policy will play an important part in retaining and attracting key management personnel.

(x) *The Group has no regular revenue*

Neometals has historically been a project development group with no regular commercial revenues, and it has not generated accounting revenues in any of the previous five financial periods. Despite this, the Group has returned a net profit after tax in five of the past six years and has returned a total of AU\$82 million in value to its Shareholders since 2016 through dividends, on-market buyback programmes and an in-specie distribution associated with the demerger of Widgie Nickel Limited. The Group has been self-funded through the profits

generated by its developed projects and the subsequent realisation of the values associated with these projects. Neometals expects that both its capital and operating costs will increase significantly in connection with its ongoing activities. Neometals believes that it will continue to have low levels of revenues in the short term and there is no guarantee that it will achieve or sustain profitability in the future.

(y) Achievement of strategic aims

The value of an investment in the Group is dependent on the Group achieving its strategic aims. The Group's strategy is outlined in Part I of this document. While the Directors are optimistic about the prospects for the Group, there is no certainty that it will be capable of achieving its strategy or the anticipated revenues or growth or that it will ultimately become profitable on a sustainable basis. The Group's future operating results will be highly dependent upon how well it manages its planned expansion strategy and the timeframe within which that strategy is executed.

(z) Impact on the Group of Mergers & Acquisition Activity

As part of its business strategy, the Group may make acquisition or divestments of, or significant investments in, companies or resource projects (including by way joint ventures, farm-ins, direct project acquisitions or direct equity participation). Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions or divestments of companies or resource projects.

(aa) Changing markets and requirement for the Group's services

In a rapidly developing and changing energy marketplace there can be no assurances that the market will still require the type and scale of recycling facilities currently being developed by Neometals. Every effort has been made to make accurate forecasts of the market size going forward but these must be seen as forecasts and are subject to change that is beyond the Group's control.

(bb) Competitive position

The Group operates in the electric vehicle and energy storage megatrend industries and the Group's competitors are wide ranging, a number of which have greater financial and marketing resources and a longer track record. There may also be new entrants to the market. In response to competitive activity the Group may be forced to make changes to its products and / or reduce the margins it currently anticipates going forward. There can be no assurance that the Group's current competitors or new entrants will not bring superior technology and products to the market or equivalent products and services at lower prices which may have a material adverse effect on the Group's business, revenue, financial condition, profitability, prospects and operations.

(cc) Pricing and unfavourable contract terms

The Group is operating in a competitive marketplace. Whilst it believes it has a price competitive product currently there is no guarantee that this will always be the case. There is a risk of loss leading pricing from other competing companies and or states which would reduce the sales of the Group's products. If the Group cannot compete on a pricing scale with alternative solutions in the market, there is a risk that contracts could be terminated or tenders for services would not be won. The Group cannot guarantee that the pricing for its products will always remain competitive.

The Group may enter into contracts with counterparties that include warranties, indemnities and rights to terminate the relevant contract without cause. These contracts may be the result of a competitive operating environment. Such warranties and indemnities will be limited in scope and applications but can create an inherent risk that any liability on the Group's part for any breach could be material. A successful claim under such warranties and indemnities or the exercise of the termination rights may have a significant impact on the Group's financial and operational performance.

(dd) Damage to the Group's reputation or brand

The Directors believe that the reputation and the quality of Neometals' brand will over time play an increasingly important role in the success of the Group. Further, the Directors believe that the Group's brand has and will continue to be built on the high quality of its service offering and client service. Therefore any incident that negatively affects client loyalty towards the Neometals brand could materially adversely affect the Group's business, revenue, financial condition, profitability, prospects and results of operations. The Neometals brand may be negatively affected by any negative publicity, regardless of accuracy. This includes any negative commentary on social media platforms, including weblogs, social media websites and other forms of internet based communications that provide individuals with access to a broad audience of consumers and other interested parties.

(ee) The Group's counterparties may become insolvent

There is a risk that parties with whom the Group trades or has other business relationships (including partners, clients, suppliers, subcontractors and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group.

(ff) Geopolitical or economic instability

The Group has ambitions to become a global player. It will take a risk-based approach to where sales are made and where production factories could be sited. Part of the risk analysis will be the geopolitical and economic stability of the region. There is a risk that investments and sales could be jeopardised from activity in countries or areas that become unstable.

(gg) Legislative changes which affect Neometals' markets

The energy markets in many countries rely, to a large degree, on national and international regulatory policy. While the EU, the UK and the USA have, in recent years, adopted policies and mechanisms actively supporting renewable energy and Net Zero commitments, it is possible that this approach could be modified or changed in the future, including as a result of a change in government or a change in government policy, relating to renewable energy directly or to energy policy more generally. These changes could, in some circumstances, materially affect the Group's business and growth plans.

Although the Group is in a sector that currently enjoys strong policy and regulatory support (both nationally and globally) there is no guarantee that this will continue to be the case.

(hh) Insurance

There can be no certainty that the Group's insurance cover is adequate to protect against every eventuality. The occurrence of an event for which the Group did not have adequate insurance cover could have a materially adverse effect on the Group's business, revenue, financial condition, profitability, prospects and results of operations.

(ii) Tax authorities could disagree with adopted historic taxation treatment

The Group is subject to regular reviews by tax authorities in Australia and other jurisdictions in which it operates with regards to income and non-income-based taxes or transfer duty both within and outside Australia. The adoption of new or reformed tax or transfer duty legislation or regulation may make resolving tax or transfer duty disputes with authorities more difficult and the final resolution of any tax or transfer duty reviews could differ from the Group's historical provisions and accruals, resulting in an adverse impact on its business, financial condition or result of operations.

(jj) Dependence on retaining existing and winning new clients

Were a material number of clients to cease to use Neometals' products and services then this could materially and adversely affect the Group's business, revenue, financial condition, profitability, prospects and results of operations.

(kk) Financial controls and internal reporting procedures

The Group currently has systems and controls in place in order to allow it to produce accurate and timely financial statements and to monitor and manage risks. If any of these systems or controls were to fail the Group may be unable to produce financial statements accurately or on a timely basis or expose the Group to risk. Any concerns investors may have over the potential lack of available and current financial information and the controls the Group has in place could adversely affect the Company's share price.

(ll) Financial assets

The Group holds a portfolio of shares listed on the ASX as a financial investment on its balance sheet. As such, the value of these financial assets are subject to conditions that Neometals cannot control, including economic conditions, company performance, regulatory regimes and stock market appetite all of which have the potential to positively or negatively affect the value of these underlying assets.

In addition, the Group has a number of investments in private entities which are subject to the same conditions and factors as the listed investments, excluding stock market appetite, and in addition can be difficult to exit due to the inherent limitation on liquidity that a private company entity is bound by.

(mm) Exchange rate movements

The Company's reporting currency is Australian dollars. Fluctuations in currency exchange rates, in particular Australian Dollar to US Dollar and the Euro, could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

(nn) The costs of compliance with AIM corporate governance and accounting requirements are significant

As a listed public company, the Company is subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Company may incur significant costs associated with its listed public company reporting requirements, including costs associated with applicable ASX and AIM corporate governance requirements. The Company expects to incur legal and financial compliance costs as a result of these rules and regulations and if the Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3. Risks Relating to the Ordinary Shares

(a) Suitability

Investment in the Ordinary Shares may not be suitable for all readers of this document. Readers are accordingly advised to consult a person authorised under FSMA who specialises in investments of this nature before making any investment decisions if they are resident in the UK, or, if they are not resident in the UK, from another authorised independent adviser.

(b) Investment in AIM-traded securities

Investment in shares traded on AIM involves a higher degree of risk, and such shares may be less liquid, than shares in companies which are listed on the Official List. The AIM Rules are less demanding than those rules that govern companies admitted to the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

(c) Share price volatility and liquidity

The share price of quoted companies can be highly volatile and shareholdings can be illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to

Neometals and its operations and others which may affect quoted companies generally. These factors could include the performance of Neometals, large purchases or sales of the Ordinary Shares (whether on ASX or AIM), currency fluctuations, legislative changes and general economic, political, regulatory or social conditions.

(d) *Access to further capital*

Neometals may require additional funds to respond to business challenges, enhancing existing products and services and further developing its sales and marketing channels and capabilities. Accordingly, Neometals may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issues of equity or convertible debt securities, existing Shareholders could suffer significant dilution, and any new equity securities could have rights, preferences and privileges superior to those of current Shareholders. Any debt financing secured by Neometals in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for Neometals to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, the Group may not be able to obtain additional financing on terms favourable to it, if at all. If Neometals is unable to obtain adequate financing or financing on terms satisfactory to it, when required, its ability to continue to support its business growth and to respond to business challenges could be significantly limited or could affect its financial viability.

(e) *Dilution*

If available, future financings to provide required capital may dilute Shareholders' proportionate ownership in the Company. The Company may raise capital in the future through public or private equity financings or by raising debt securities convertible into Ordinary Shares, or rights to acquire these securities. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the Company's existing Shareholders. Moreover, the further issue of Ordinary Shares could have a negative impact on the trading price and increase the volatility of the market price of the Ordinary Shares. The Company may also issue further Ordinary Shares, or grant performance rights which carry the right to be issued Ordinary Shares, as part of its employee remuneration policy, which could in aggregate create a dilution in the value of the Ordinary Shares and the proportion of the Company's share capital in which investors are interested.

(f) *Future sale of Ordinary Shares*

The Company is unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market following Admission. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares.

(g) *Dual listing on the ASX and London Stock Exchange may lead to an inefficient market in the Ordinary Shares*

Dual listing of the Ordinary Shares may result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the exchanges where the Ordinary Shares will be quoted. These and other factors may hinder the transferability of the Ordinary Shares between the two exchanges.

The Ordinary Shares are quoted and traded in Australian Dollars on the ASX. The Ordinary Shares will be quoted and traded in pounds sterling on the London Stock Exchange. The market price of the Ordinary Shares on those exchanges may also differ due to exchange rate fluctuations.

Consequently, the trading in and liquidity of the Ordinary Shares will be split between these two exchanges. The price of the Ordinary Shares may fluctuate and may at any time be different on the ASX and London Stock Exchange. This could adversely affect the trading of the Ordinary Shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the Ordinary Shares on these exchanges

(h) *Certain Shareholders will be issued Depositary Interests in respect of underlying Ordinary Shares*

On Admission, holders of Ordinary Shares will be able to hold and transfer interests in the Ordinary Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Ordinary Shares will not themselves be admitted to CREST; rather, the Depositary will issue the Depositary Interests in respect of underlying Ordinary Shares. Holders of Depositary Interests may experience delays in receiving any dividends paid by the Company, may receive proxy forms later than other Shareholders and may have to act earlier than other Shareholders when casting votes at general meetings of the Company, by virtue of the administrative process involved in connection with holding Depositary Interests.

(i) *Dividends*

There can be no assurance as to the level of future dividends. Subject to compliance with the Australian Corporations Act and the Articles, the declaration, payment and amount of any future dividends are subject to the discretion of the Directors, and will depend on, *inter alia*, the Company's earnings, financial position, cash requirements, availability of profits and the Company's ability to access, and repatriate within the Group, cash flow and profits generated outside of the UK. A dividend may never be paid and, at present, there is no intention to pay a dividend in the short to medium term.

In forming their dividend policy the Directors have taken into account *inter alia* the trading outlook for the foreseeable future, recent operating results, budgets for the following financial year, financial gearing, banking covenants and current capital requirements of the Group. Any material change or combination of changes to these factors may require a revision of this policy.

(j) *Trading in the Ordinary Shares may be suspended*

The Ordinary Shares are currently traded on ASX. In certain circumstances, the ASX has, and the London Stock Exchange will have following Admission, the right to suspend trading in the Ordinary Shares. If the Ordinary Shares are suspended from trading, the holders of Ordinary Shares may not be able to dispose of their Ordinary Shares on the London Stock Exchange or ASX (as the case may be).

ASX also retains a general discretion to suspend trading in the Ordinary Shares in circumstances where the Company is unable or unwilling to comply with the ASX Listing Rules, to prevent a disorderly or uninformed market or for any other reason ASX deems appropriate. ASX will automatically suspend trading in the Ordinary Shares if the Company fails to lodge annual, half yearly and quarterly reports in accordance with the ASX Listing Rules or fails to pay the Company's annual ASX listing fee within 15 business days of the due date. ASX will also suspend trading in Ordinary Shares 5 business days following the issue of compulsory acquisition notices sent to Shareholders pursuant to the Corporations Act.

The London Stock Exchange may suspend the Ordinary Shares from trading on AIM if it determines that the smooth operation of the market is or may be temporarily jeopardised or is necessary to protect investors.

The Company believes that as at the date of this Document there are no circumstances which could provide grounds for the halting or suspending of the Ordinary Shares on AIM or ASX for the foreseeable future. However, there can be no assurance that any such circumstances will not arise in relation to the Ordinary Shares in the future.

(k) *No guarantee that the Ordinary Shares will continue to be traded on AIM*

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares which would have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

(j) *Forward-looking statements*

All statements other than statements of historical facts contained in this document, including (without limitation) statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements, assessments, estimates or projections (collectively, forward-looking statements). Generally, the forward-looking statements in this document use words like anticipate, believe, target, aim, could, would, should, estimate, expect, future, intend, may, opportunity, plan, potential, project, seek, will and similar terms, or may be identified by context or perspective. Any such forward-looking statements are subject to numerous assumptions and involve numerous known and unknown risks and uncertainties and other factors, many of which are beyond the Group's ability to control, that may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expected or anticipated or expressed or implied by such forward-looking statements. These forward-looking statements speak only as at the date of this document and the forward looking events discussed in this document might not occur. Therefore, prospective investors should not place any reliance on any forward-looking statements. The Group expressly disclaims any obligation or undertaking to release or disseminate any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the Group's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statement is based. Although all forward looking statements in this document regarding the Group are based on current beliefs, assumptions and expectations, the forward-looking statements have been made in good faith by the Company, and are believed to be reasonable under the circumstances and at the time made. The Company makes no representation or warranty, and gives no promise or assurance, regarding any forward looking statement. The inclusion of any item in a risk factor shall not be deemed an admission of liability.

The risks noted above do not necessarily comprise all of the risks potentially faced by Neometals and are not intended to be presented in any assumed order of priority.

Although the Directors will seek to minimise the impact of the Risk Factors, investment in Neometals should only be made by investors able to sustain a total loss of their investment. Potential investors are strongly recommended to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of this nature before making any decision to invest.

Part III
Competent Person's Report

**Report for Neometals Limited and
Cenkos Securities plc
Competent Person's Report -
Barrambie Titanium-Vanadium Project
Project Number DA18354
Report Date – 21 February 2022
Effective Date - 7th February 2022**

This report has been prepared by Datamine Australia Pty Ltd (Snowden) for inclusion in an Admission Document prepared by Neometals Limited in connection with the proposed admission of its securities to the London Stock Exchange's Alternative Investment Market (AIM), pursuant to an agreement between Snowden and Neometals Ltd only and not for any other purpose.

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Issued by: Perth Office
Doc ref: 98574704_5.docx
Last edited: 17/02/2022 6:12 PM

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Appendix A	Barrambie Project Mineral Resources – JORC Table 1
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1 EXECUTIVE SUMMARY

1.1 Context and scope

Neometals Limited (“Neometals” or the “Company”), has commissioned Snowden, a business unit of Datamine Australia Pty Ltd, to prepare a Competent Person's Report (CPR) for the Barrambie Titanium-Vanadium Project in Western Australia (the “Project”). The Project is defined as a pre-development project for which Mineral Resources have been reported and several development studies have been completed. No Ore Reserves have been declared.

This CPR is to be included in an Admission Document prepared by Neometals in connection with the proposed admission of its securities to the London Stock Exchange's Alternative Investment Market (AIM). The Admission Document must satisfy the requirements of Schedule Two of the AIM Rules for Companies

The author of this CPR is Mr Michael Andrew. Mr Andrew is a geologist with over 30 years' experience in exploration, mining and Mineral Resource estimation and evaluation. The author has the appropriate relevant qualifications, experience, competence, and independence to be considered a “Specialist” under the definition provided in the 2015 Edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code, 2015) and a “Competent Person” under the definition provided in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012).

Neither Snowden nor the author of this CPR have and have not previously had, any material interest in Neometals or the mineral properties and mineral rights in which the Company has an interest. The Directors of Neometals do not have any material interest in the Project assets. This CPR is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this CPR.

This CPR has been prepared on information available up to and including 7 February 2022 (the “Effective Date”). The date of this CPR is 21 February 2022 (the “Report Date”). No material changes that would require any amendment to the CPR have occurred between the Effective Date and the Report Date. The conclusions expressed in this CPR are therefore only valid as at the Report Date. This CPR has been prepared on the assumption that all relevant information has been provided to the author by Neometals and contains no material errors or omissions.

For the purposes of this report, Snowden has relied on Project ownership and title information provided by Neometals. Snowden has reviewed a tenement due diligence report prepared for Neometals by McMahon Mining Title Services (Pty) Ltd (MMTS) dated 21 September 2021 but has not independently researched the property titles or mineral rights for the Project and expresses no opinion as to the ownership status or standing of the titles. The description of the Project, and ownership thereof in the CPR, is provided for general information purposes only.

1.2 Project background

The Project is in central Western Australia (WA), approximately 750 km northeast from the city of Perth (Figure 3.1). The Project is 475 km east-northeast from the Port of Geraldton on the west coast of WA, 150 km northeast of the gold mining town of Mount Magnet, and 116 km southeast of the gold mining town of Meekatharra. The area is sparsely populated and covered by large pastoral leases running cattle.

The Köppen climate classification is Subtropical Desert (dry arid with mild winters and hot summers). The sparse rainfall occurs mostly during the winter months. The average temperature for the year is 22.2°C. The warmest month is January with an average temperature of 31.1°C and peak temperatures up to 45°C. The coolest month is July, with an average temperature of 13.3°C. Average annual precipitation is 221 mm with June the wettest month averaging 35.6 mm of precipitation. Apart from sporadic and short-lived flooding events, there are no special climatic factors that would affect ongoing exploration and development activities.

Neometals' wholly owned subsidiary Australian Titanium Pty Ltd (Australian Titanium) holds a 100% interest in the tenements covering the Project. These comprise three Exploration Licences, one Mining Lease (M57/173-I) and two granted Miscellaneous Licences (covering a bore field and water pipeline route) totalling approximately 35,000 ha. Two additional Miscellaneous Licences totalling 39,145 ha related to water exploration and infrastructure are currently under application.

The Barrambie deposit was originally secured in 1968 and has had several comprehensive exploration and pre-development studies carried since that time with the focus of these alternatively on the vanadium or titanium content in the Mineral Resources. The Mineral Resources were updated in 2018 based on all relevant data collected to that point in time and a vanadium-focused Definitive Feasibility Study (DFS) was completed in 2019. This study, however, did not maximise the available contained metal. From 2020, Neometals has investigated the opportunity to develop a low capital start-up operation which generates revenue from all the contained metals (titanium-vanadium-iron or Ti-V-Fe) in the Mineral Resources.

In January 2020, Neometals received a five-year extension to its Ministerial Approval 911 to develop a 3.2 Mt/a fully integrated mine, concentrator, and chemical processing facility. It also subsequently received approval of a Mining Proposal for a ~1 Mt/a mining, crushing, and screening facility for a direct shipping ore (DSO) operation.

1.3 Geology and mineralisation

The Barrambie deposit is hosted by the Archaean-age Barrambie Igneous Complex, a large layered mafic intrusive situated within the north-northwest trending Barrambie Greenstone Belt. The greenstone belt is approximately 60 km long and attains a maximum width of approximately 4 km. The layered mafic intrusive has a sill-like morphology and has intruded into and strikes conformably with the general trend of the belt. The sill varies in width from 500 m to 1,700 m.

The main sill lithologies are layered anorthositic magnetite-bearing gabbros. The titanium-vanadium-iron mineralisation occurs as bands of cumulate aggregations of vanadiferous titanomagnetite magnetite (martite-ilmenite-leucosene) in massive bands and disseminated lenses of variable width. The Barrambie deposit is poorly exposed over its 11 km strike owing to surficial weathering/lateritisation and the presence of transported regolith scree and colluvium.

Aeromagnetic data and regional geological mapping identified mineralisation extending north and south from the Mining Lease (M57/173-I) for a total of 25 km of strike into the northern and southern Exploration Licences. A second zone of titanium-vanadium-iron mineralisation occurs at the Virginia Hills prospect approximately 3–5 km to the west of the main Barrambie zone of mineralisation. An additional four mineralised areas have been identified: Barrambie Deeps, Barrambie North, Barrambie South, and Ballanhoe Hills.

At the Barrambie deposit, a distinction is made between a stratigraphically higher Eastern Zone and the lower Central Zone. The units commonly exhibit sub-vertical to steep westerly dips crosscutting a regional northwest schistosity, with dips as low as 45°. The Eastern Zone hosts a continuous unit of disseminated magnetite (martite) which ranges between 15 m and 50 m in width, averaging 28 m. It exhibits grades of more than 20% TiO₂ and 0.4–0.8% V₂O₅. Central Zone mineralisation is massive, relatively discontinuous, with bands as narrow as several centimetres. Neometals has identified 16 mineralised bands within the Central Zone.

1.4 Mineral Resources

The current published Mineral Resources for the Project were estimated by Snowden in 2018 and total **280.1 Mt at 9.18% TiO₂ and 0.44% V₂O₅**. These comprise an Indicated Mineral Resource of 187.1 Mt at 9.61% TiO₂ and 0.46% V₂O₅, and an Inferred Mineral Resource totalling 93.0 Mt at 8.31% TiO₂ and 0.40% V₂O₅. The Mineral Resource is estimated into a block model with extents of 11,300 m in strike, 1,450 m across and 120 m depth. The parent block size is 40 m x 10 m x 5 m, with a minimum sub-block size of 10 m x 0.25 m x 1.25 m.

A block in the block model was selected for inclusion in the Mineral Resource if the TiO_2 was greater than or equal to 10% or the V_2O_5 was greater than or equal to 0.2%. Only one of the criteria needed to be met for a block to be included, with majority of the included blocks meeting the V_2O_5 requirement. A high-grade titanium subset of the total Mineral Resource at 14% TiO_2 cut-off contains **53.6 Mt at 21.17% TiO_2 and 0.63% V_2O_5** . These high-grade blocks are effectively all in the Eastern Zone. The Mineral Resources are listed in Table 1.1.

Table 1.1 Current Barrambie Mineral Resources (April 2018)

Category	Gross							Net attributable							Operator
	Tonnes (Mt)	TiO ₂ (%)	V ₂ O ₅ (%)	Fe ₂ O ₃ (%)	Ti (Mt)	V (Mt)	Fe (Mt)	Tonnes (Mt)	TiO ₂ (%)	V ₂ O ₅ (%)	Fe ₂ O ₃ (%)	Ti (Mt)	V (Mt)	Fe (Mt)	
Indicated	187.1	9.61	0.46	31.8	10.78	0.48	41.6	187.1	9.61	0.46	31.8	10.78	0.48	41.6	
Inferred	93.0	8.31	0.40	30.1	4.63	0.21	19.6	93.0	8.31	0.40	30.1	4.63	0.21	19.6	
Total	280.1	9.18	0.44	31.2	15.41	0.69	61.1	280.1	9.18	0.44	31.2	15.41	0.69	61.1	

Note: Reporting criteria: $\geq 10\%$ TiO₂ or $\geq 0.2\%$ V₂O₅; small discrepancies may occur due to rounding.

Source: Snowden, 2018

1.5 Mining studies

There are no current mine plans or mining schedule. Snowden completed a mining study for the Barrambie Project in 2009 focused on the Central Zone (vanadium enriched) mineralisation. It was updated for the 2015 titanium focused prefeasibility study (PFS) and updated again in the 2019 Barrambie Vanadium Project DFS.

The 2015 mine plan envisaged mining 10.8 Mt of high titanium grade Eastern Zone mineralisation in 14 separate open pits to maximise project returns. The plan called for mining 2.5 Mt/a of mineralisation and waste with 550,000 t/a processed. The 2019 mine plan called for a maximum mining rate of 15.3 Mt/a with a ~3.18 Mt/a process throughput sourced mostly from Central Zone with minor higher titanium feed from the Eastern Zone late in the mine schedule.

The current development concept envisages the mining and beneficiation of up to 2.4 Mt/a of high titanium grade feed sourced largely from the Eastern Zone to produce up to 1.2 Mt/a of mixed titanium-vanadium-iron concentrate for downstream processing. While the 2019 vanadium focused DFS pit design, production rate and mining schedule are no longer applicable to the current Project, some of the mining studies are still relevant.

For the 2009 to 2019 technical studies, the proposed mining of the deposit was via open pit with conventional truck and excavator methods. This was deemed to be the most appropriate method. Massive sub-vertical lenses of weathered magnetite-martite-hematite are separated by kaolinite/clays in the strongly oxidised (SOX) zone and fresh gabbro in the weakly oxidised (WOX) and fresh zones. A trial excavation in 2017 found the SOX material challenging to rip and hence blasting of all material was assumed to be required; however, subsequent work in 2021 suggests that there may be some areas of free dig opportunity.

Open pit geotechnical investigations were largely completed from 2007 to 2008 and summarised in a 2009 geotechnical study (Snowden, 2009). A deep weathering profile, 50–70 m below surface, covers much of the deposit and consists primarily of kaolinite group clays produced from the in-situ weathering of primary mafic silicate minerals in the gabbro and the breakdown of iron-titanium oxide minerals (magnetite-ilmenite) to goethite, hematite and altered ilmenite. These silty clays to clayey silts would form the majority of the open pit slopes. Comparison of geotechnical domain statistics from three geotechnical drilling phases completed for the DFS indicated that the engineering properties of the waste rock were similar for both the east and west walls of the optimised pit.

Pit slope stability was assessed at batter and overall slope scales for pit walls up to 50 m high and developed entirely within SOX materials. Design parameters were also developed for deeper parts of the pits up to 80 m high, where the pits penetrate the WOX and fresh materials. No significant issues with pit slope stability or in pit trafficability were identified.

1.6 Processing studies

The Barrambie Mineral Resources have been metallurgically evaluated for extraction of the titanium, vanadium, and iron content by different metallurgical techniques. In the 2015 PFS, a proprietary technology was proposed for the hydrometallurgical extraction of titanium and vanadium from a magnetic concentrate to produce high-purity titanium, vanadium oxide and iron oxide products. In the 2019 DFS, Neometals examined vanadium production from a titanium-vanadium-iron oxide concentrate to produce either pentoxide (V_2O_5) flake or ferrovanadium (FeV_{80}) using the proven salt roast process. This processing route; however, did not consider the recovery of all the contained metal value.

More recent testwork from 2019 to 2021 has focused on simpler alternate flowsheets to facilitate a low capital start-up operation employing onsite beneficiation to produce a "mixed" (titanium-vanadium-iron) concentrate for direct sale. The mixed concentrate could be further processed via a reduction roast and subsequent magnetic separation to produce separate titanium and iron-vanadium concentrates for direct sale. Testwork to date has examined beneficiation of the mine feed utilising crushing and milling followed by one of (or a combination of) gravity and magnetic separation methods to produce this concentrate.

By March 2020, approximately 20.27 t of mineralised sample from the Eastern Band (Eastern Zone) were beneficiated in a pilot study. The composites were made up from reverse circulation (RC) drill cuttings and some bulk sampled material gathered in 2019 and 2018, respectively. Approximately half of each composite was treated through either a gravity or a magnetic beneficiation circuit. Titanium recovery and concentrate grades were similar for both gravity and magnetic circuits, although the gravity concentrate had slightly higher titanium with markedly lower deleterious elements.

In December 2020, Neometals reported results from additional low-temperature reduction roasting and subsequent magnetic separation. This confirmatory testwork was performed at larger scale (22 kg) than previous reduction roast tests and used syngas as the reductant in a fluidised bed contactor for the reductive calcination and magnetic separation processing stages. The mass pull and metal deportment to product concentrate streams was improved over earlier testwork outcomes. It produced an "ilmenite" concentrate with >52% TiO₂ at >87% TiO₂ recovery and a mass yield of 60%. It also produced an iron-vanadium "magnetite" with grades equivalent to 58.7% Fe and 1.58% V₂O₅.

1.7 Community and environment

A series of studies were undertaken to assess the potential impact of the Barrambie Project on the various aspects of the environment. These include flora, fauna, groundwater investigations and air quality studies. The studies were originally undertaken during the period 2005 to 2009 to support planning, impact assessment and approval of the Project. They were reviewed as part of the 2019 DFS. No material risk issues were identified.

A Native Title Deed has been signed between the Yugunga-Nya Native Title Claimants and Neometals covering mining tenements associated with the Project. As an outcome of archaeological assessments undertaken, it was concluded that there are few environments within the Project area where artefact material is likely to occur, and no significant artefacts were identified. A site known as One Tree Hill occurs within M57/173 immediately east of the Mineral Resources but is protected by a buffer zone. There is a significant area aboriginal ethnographic heritage sites within the southeast sector of Exploration Licence E57/769. No disturbance is planned for this area.

1.8 Proposed programs and budgets

Neometals has provided Snowden with the planned Barrambie work programs and budgets for the first two years following admission to the AIM. The planned development program initially involves bulk sampling and metallurgical testwork to confirm the process route and produce products for customer evaluation. In conjunction with this, additional work will advance the Project to completion of preliminary technical and economic studies such that Ore Reserves can be declared. Exploration drilling outside the existing resource has been planned both to extend the current resource outline along strike and to investigate additional resources within the greater tenement package.

The planned budget for the first two years following admission has been provided by Neometals and totals \$5.97 million in the first year and \$3.14 million in the second year, for a total budget of \$9.11 million. Approximately \$1.96 million has been allocated to drilling and sampling with significant allocations for metallurgical testwork, research, and product development (\$1.23 million) and technical-economic studies (~\$1.13 million). Together, these comprise approximately 47% of the budget.

1.9 Conclusions and recommendations

The Project hosts a significant deposit of titanium-vanadium-iron mineralisation which appears amenable to low-cost open pit mining and onsite beneficiation. A significant amount of technical data has been collected over several years and Mineral Resources have been reported. Snowden supports the completion of appropriate technical-economic studies to allow the reporting of Ore Reserves and demonstrating the economic viability of the Project.

The high-grade Eastern Band should be the focus of infill drilling to improve the Mineral Resource classification such that a significant proportion can be classified as Measured and Indicated. The higher-grade subzones, likely to be the focus of initial mining, require greater definition through grade control drilling so that a high confidence mine production schedule can be developed.

Once the process route and customer acceptance of the product has been established, extensional drilling is warranted as there is a good opportunity to significantly increase the size of the Mineral Resources. Similarly, there is considerable exploration potential in the Exploration Licences outside of M57/173 and it is likely that further resources could be defined with additional drilling.

Snowden has examined the detailed budgets proposed and believes them to be appropriate to support the planned work programs and are commensurate with Neometals' development plans. Snowden notes that these are significant budgets and work programs and have been adequately resourced with an appropriate staffing allocation.

2 INTRODUCTION

2.1 Context, scope, and terms of reference

Neometals has commissioned Snowden to prepare a CPR for the Barrambie Titanium-Vanadium Project in WA. The Project is defined as a pre-development project for which Mineral Resources have been reported and several development studies have been completed. No Ore Reserves have been declared.

This CPR is to be included in an Admission Document prepared by Neometals in connection with the proposed admission of its securities to AIM.

This CPR has been prepared in accordance with:

- The VALMIN Code (2015) and the JORC Code (2012) which are binding upon members of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG), and the rules and guidelines issued by such bodies as Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX) which pertain to Independent Expert Reports.
- Sections 131 to 133 and Appendices I and II of the document titled "ESMA update of the CESR recommendations: the consistent implementation of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive" dated 20 March 2013.
- AIM Note for Mining, Oil and Gas Companies dated June 2009.

This CPR is based on information made available to Snowden up to and including 7 February 2022, the Effective Date of this CPR. No material changes that would require any amendment to this CPR have occurred between the Effective Date and the Report Date. The conclusions expressed in this CPR are therefore only valid as at the Report Date and may change with time in response to variations in economic, market, legal or political factors, in addition to ongoing developments with respect to exploration and development activities. All monetary figures included in this CPR are expressed in Australian dollars (A\$) unless otherwise stated.

This CPR has been prepared on the assumption that all relevant information has been provided to Snowden by Neometals and contains no material errors or omissions. A draft copy of this CPR was provided to Neometals for review on omission and factual accuracy.

Neometals has confirmed in writing to Snowden that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. Neometals has agreed to indemnify Snowden from any liability arising as a result of or in connection to the information provided by or on behalf of Neometals being incomplete, incorrect or misleading in any material respect.

Snowden is not qualified to determine the legal status of the Barrambie assets, the various licensing and other agreements covering those, the rights associated with them, or the exploration, mining, and minerals processing legislation applicable. These matters are the subject of a separate disclosure in the Admission Document.

While all reasonable efforts have been made in the production of this CPR, Snowden accepts no liability for any loss or damage resulting from use of any of the information or conclusions contained within this CPR.

2.2 Qualifications, experience, and independence

The information in this report that relates to Technical Assessment of Mineral Assets reflects information compiled and conclusions derived by Mr Michael Andrew, who is a Fellow of the AusIMM. Mr Andrew is a geologist with over 30 years' experience in exploration, mining and Mineral Resource estimation and evaluation. Mr Andrew specialises in Mineral Resource due diligence and reviews and has skills in resource estimation, sampling, quality assurance/quality control (QAQC) and reconciliation. Mr Andrew has acted as the Competent Person/Qualified Person for a range of commodities and mineralisation styles. Mr Andrew is currently an Executive Consultant of Snowden.

Mr Andrew has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Specialist as defined in the VALMIN Code and sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code.

Neither Snowden nor the author of this CPR have and have not previously had, any material interest in Neometals or the mineral properties and mineral rights in which the Company has an interest. This CPR is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the outcome of this CPR.

2.3 Principal sources of information

The principal sources of information used to compile this report comprise data files provided by Neometals and certain additional publicly available documents. A list of relevant public documents sourced by Snowden and a list of documents provided by Neometals is provided in Section 14 of this report. Mr Andrew, the Competent Person previously completed a site visit to the Barrambie Project in 2009.

2.4 Reliance on other experts

For the purposes of this report, Snowden has relied on Project ownership and title information provided by Neometals. Snowden has reviewed a tenement due diligence report prepared for Neometals by MMTS dated 21 September 2021 but has not independently researched the property titles or mineral rights for the Project and expresses no opinion as to the ownership status or standing of the titles. The description of the Project, and ownership thereof, as set out in Section 3 of this CPR, is provided for general information purposes only.

The information in this report that relates to the Mineral Resources has been approved by Mr Andrew, the Competent Person. Mr Andrew considers the Mineral Resources are reported appropriately in the form and context in which they appear and that there has been no material change or additional work undertaken since the Mineral Resources were reported in 2018 that would materially affect the reporting of them. Mr Andrew consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the exploration results is based on, and fairly represents, information compiled by Greg Hudson BSc.(Hons), Grad. Cert. Mineral Economics, Grad. Cert. Finance, RPGeo AIG, MAusIMM. Mr Hudson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Hudson is an employee and shareholder of Neometals. Mr Hudson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

3 PROJECT BACKGROUND

3.1 Location and infrastructure

The Barrambie Project is in central WA, between the towns of Meekatharra and Sandstone and approximately 750 km northeast from Perth. The Project is 475 km east-northeast from the Port of Geraldton on the west coast of WA, 150 km northeast of Mount Magnet, and 116 km southeast of Meekatharra. The site is serviced by well-maintained major bitumen roads from Perth through to the gold mining towns of Mount Magnet and Meekatharra (the Great Northern Highway) and across from Mount Magnet to Sandstone and from Mount Magnet to the Port of Geraldton. The Meekatharra-Sandstone Road, along which the Barrambie Project is located, is a secondary formed unsealed road (Figure 3.1). The area is sparsely populated and covered by large pastoral leases running cattle, including Barrambie, Black Range, Cogla Downs, Lake Mason, Gidgee, Nallan, Windsor, Yarrabubba, Hillview and Yarraquin stations.

Figure 3.1 Barrambie Titanium-Vanadium Project location



Source: Neometals, 2019

The Köppen climate classification is Subtropical Desert (dry arid with mild winters and hot summers). The sparse rainfall occurs mostly during the winter months. The average temperature for the year is 22.2°C. The warmest month is January with an average temperature of 31.1°C and peak temperatures up to 45°C. The coolest month is July, with an average temperature of 13.3°C. Average annual precipitation is 221 mm, with June the wettest month averaging 35.6 mm of precipitation. Apart from sporadic and short-lived flooding events, there are no special climatic factors that would affect ongoing exploration and development activities.

3.2 Project tenure

Neometals' wholly owned subsidiary Australian Titanium holds a 100% interest in the tenements covering the Project (Table 3.1, Figure 3.2). Snowden has reviewed a tenement due diligence by MMTS dated 21 September 2021 provided to Neometals. The MMTS review rates the standing of the tenements as "fair" for L20/080 and L20/081 and "good" for all other tenements. A summary of MMTS findings is presented in Table 3.2. Snowden makes no other assessment or assertion as to the legal standing of the tenements and is not qualified to do so.

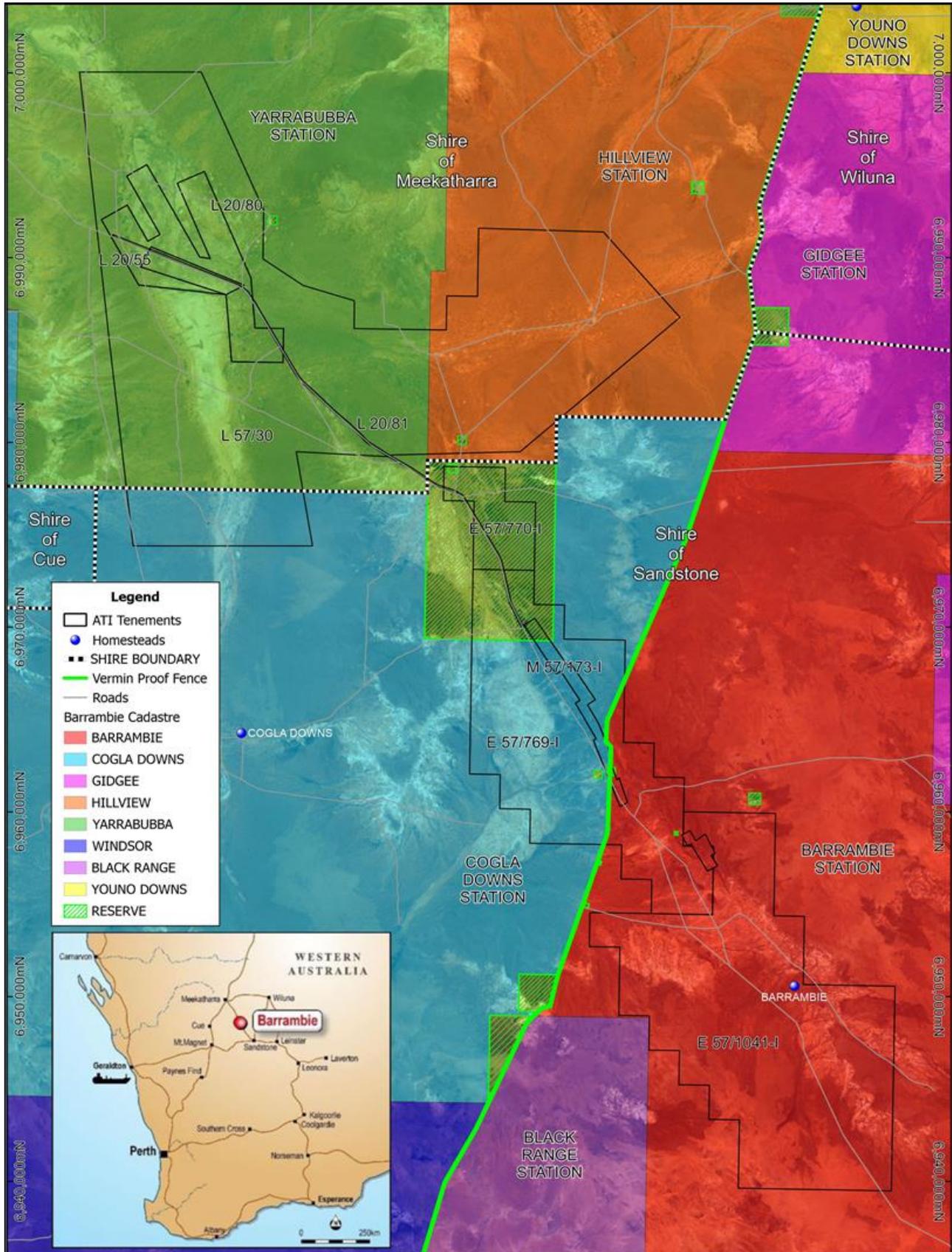
Table 3.1 Status of the Barrambie Project tenements – 21 September 2021

Asset	Licence reference	Holder	Interest (%)	Status	Expiry date	Area* (km ²)	Comment
Barrambie Project, WA	E57/769-I	Australian Titanium Pty Ltd	100	Exploration	17 Aug 2023	13.02	Covering strike extension and Virginia Hills prospect. Exploration drilling budgeted.
	E57/770-I	Australian Titanium Pty Ltd	100	Exploration	13 Aug 2023	1.86	Covering Barrambie North. Exploration drilling budgeted.
	E57/1041-I	Australian Titanium Pty Ltd	100	Exploration	3 May 2026	18.60	Covering Exploration south of Barrambie including Ballanhoe Hills Drilling budgeted.
	L57/030	Australian Titanium Pty Ltd	100	Miscellaneous Licence	23 Aug 2030	3.23	Covering water pipeline to bore field, and additional water exploration.
	L20/055	Australian Titanium Pty Ltd	100	Miscellaneous Licence	23 Aug 2030	5.22	Covering bore field.
	M57/173-I	Australian Titanium Pty Ltd	100	Development	30 Jul 2032	6.87	Covering main deposit.
	L20/0080	Australian Titanium Pty Ltd	Pending	Miscellaneous Licence	-	33.56	See Table 3.2 objections.
	L20/0081	Australian Titanium Pty Ltd	Pending	Miscellaneous Licence	-	357.89	See Table 3.2 objections.

*Values rounded to second decimal place.

Source: MMTS, 2021

Figure 3.2 Barrambie Project tenements and pastoral leases



Source: Australian Titanium, 2021

Table 3.2 Key summary of Barrambie Project tenements

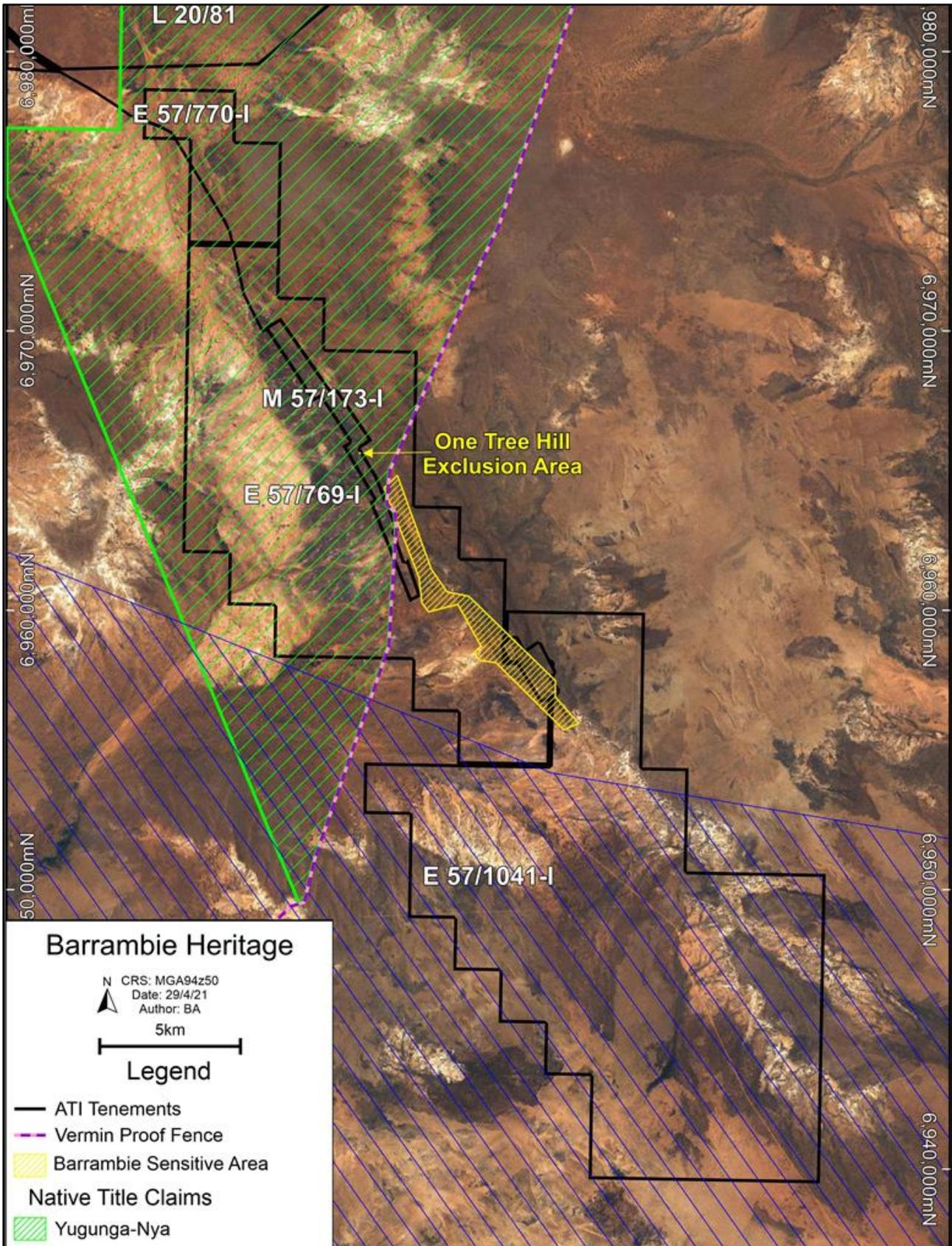
Component	MMTS comment
Encumbrances	Nil current registered encumbrances (caveats, mortgages, tax memorials).
Bonds	Nil current bonds required for the tenements.
Agreements	One agreement currently registered against M57/173*.
Caveats	There are two caveats recorded against E57/769 and E57/770 by Cipherpoint Limited. MMTS has not confirmed on what grounds the caveators claimed an interest.
Objections	An objection has been lodged for L20/0080 and L20/0081 by Minex (West) Pty Ltd. The objection will need to be resolved for the application to progress to grant.
Forfeiture and fines	Nil current departmental forfeiture proceedings or fines.
Third party forfeitures and plaints	Nil current third-party forfeiture proceedings or plaints.
Rent	Nil outstanding rent payments.
Rates	Nil outstanding rate payments.
Mining rehabilitation fund (MRF)	Nil outstanding MRF levy payments (no levy payable for current financial year).
Form 5	Nil outstanding Form 5s (Form 5s for the 2020–21 reporting year lodged).
Renewals	E57/0769 and E57/0770 renewed. E57/1041 requires reduction by 24 sub-blocks by 3 May 2022.
Special Prospecting Licences	Nil Special Prospecting Licences applied for or granted over the tenements.
Other	The presence of historical transfers of title, caveats, mortgages, plaints and objections indicate the possibility other agreements may have been entered into in relation to the tenements.

*Term sheet signed with WML for gold rights to non-critical areas of tenure.

L20/055 and L57/030 were granted subject to a condition that within six months of the route for the roads, pipeline and powerline corridor/s to a maximum width of 100 m being known, the licensee is to lodge a surrender of the balance of the area of the licence unless the Mining Registrar or Minister responsible for the *Mining Act 1978* orders or consents otherwise.

A ridgeline in the southeast sector of E57/769 was identified by the Ngalia and Yugunga-Nya registered Native Title Claimant groups as being of mythological significance. This landscape feature is outside the intended project operational area and therefore will not be disturbed. The One Tree Hill potential ethnographic Aboriginal heritage site is located on M57/173. A fenced-off buffer zone of 5-10m has been recommended for this site (Gleason, 2009). Both these heritage sites are indicated in yellow exclusion zones in Figure 3.3. Australian Titanium has continued ongoing consultation with the Native Title parties and representative bodies regarding the Project heritage and any requirements for surveys or actions.

Figure 3.3 Barrambie Project Aboriginal heritage areas



Source: Australian Titanium, 2021

The Directors of Neometals do not have and have not had any direct interest in the Barrambie Project tenements.

3.3 Project exploration and development history

The Barrambie deposit was originally secured in 1968 by Greenstone Investments Pty Ltd (GIPL), a private company. In 1970, the tenements were vended into Ferro-vanadium Corporation NL (FVC), a newly listed company, following encouraging results from a drilling program carried out in 1969. In April 1978, control of FVC passed from GIPL to entities associated with Perth entrepreneur, Peter Briggs. In 1986, FVC was renamed Great Australian Resources Ltd (GAR) and Transglobal Resources (TGR) in 1988.

Precious Metals Australia (PMA) purchased an 80% interest in the Barrambie Project from TGR in 1991. The remaining 20% interest was retained by Magnum Properties Pty Ltd, which had purchased an interest in TGR in June 1989. Reed Resources Ltd (Reed) purchased a 100% interest in M57/173 and the Barrambie Project from PMA and Magnum Properties Pty Ltd on 27 March 2003. Reed was renamed Neometals Ltd on 12 December 2014. The Barrambie Project tenements are currently held by the wholly owned subsidiary of Neometals, Australian Titanium.

A comprehensive exploration and development program was carried out by FVC in 1971 and 1972 and 3,560 m of diamond and open-hole percussion drilling was completed, mainly in the Bay-Cove area over a 2 km strike length. A feasibility study (FS) was completed in 1973 by Ralph M. Parsons Company (RMPC) based on a 1 Mt/a mining operation of ferro-vanadium mineralisation with concentration undertaken at the Barrambie site, followed by pumping of concentrate slurry to Geraldton for smelting and metallurgical processing. A second FS was commissioned in 1974 and included the production of titanium to improve the economics of the Project. A third FS by FVC on the ferro-vanadium resources was carried out in 1980 on updated capital and operating costs as well as commodity prices and the production of a more refined vanadium product.

In 1984, new resource and reserve estimates were commissioned, and Control Data Australia and Hoylex Industries completed 2,696 m of additional open-hole percussion drilling in the Bay-Cove area to provide data for the new estimates. In 1986, FVC commissioned Lycopodium Pty Ltd to carry out a new PFS on the process technology, process plant and equipment designs. Under an option agreement with TGR (the renamed FVC), Western Mining Corporation (WMC) evaluated the ferro-vanadium project in 1989. The option agreement expired in 1990.

In 1998, PMA (the majority shareholder since 1991) commissioned Snowden to collate all the previous exploration, geological and assay data for the Barrambie Project. Snowden also completed a total of 1,097 m of face sampling percussion drilling on three 800 m spaced lines to the south of the area of the previous detailed drilling at the Bay-Cove area. Snowden was also commissioned to carry out a new resource estimate using the results from the new drilling as well as all the data that could be recovered from earlier drilling programs.

In 1999, Barrett Fuller Partners (BFP) was commissioned by PMA to carry out a search for the missing data and to carry out additional drilling. BFP completed 2,821 m of diamond and face sampling percussion drilling, mainly in the Bay-Cove area. BFP then produced a new resource estimate.

Following the completion of a PFS by Reed in 2005 to produce vanadium, it was decided in January 2007 to proceed to a FS which was completed in May 2009. Infill resource drilling as well as metallurgical and engineering studies were carried out for the FS. In November 2010, Reed signed a memorandum of understanding (MOU) with CNFM (China Nonferrous Metal Industry) for an engineering, procurement and construction (EPC) contract and financing assistance for the Project.

In September 2013, Reed adopted a titanium-based cut-off grade and in November 2013, completed a scoping study based on the production of titanium and vanadium using proprietary processing methodology (Snowden, 2013b). The focus of the Project then changed to the exploitation of the contained titanium. A titanium resource was estimated, and pilot testing of a new procedure to produce high-grade TiO₂ at room temperature was carried out. A PFS was completed by Sedgman (Sedgman, 2015). In December 2015, Neometals secured a licence to the proprietary Neomet hydrometallurgical metal recovery and extraction technology.

A re-estimation of the Mineral Resource was completed in April 2018 and an updated DFS commenced in November 2018 (Neometals, 2018d). In July 2019, Snowden completed a vanadium focused FS based on the 2018 Mineral Resource (Snowden, 2019). However, this did not capture value from the contained titanium (or iron) in the deposit and the focus subsequently moved to a “whole of deposit” processing solution (Neometals, 2019).

During the 2018–2019 reporting period, 100 RC drillholes were drilled for a total of 7,167 m on the Project. Seventy-six RC drillholes for 5,578 m were drilled on M57/173 to produce approximately 70 t of geological sample, targeting titanium and vanadium mineralisation from within the Barrambie Sill Complex.

In September 2019, Neometals entered into a MOU with Chinese research organisation, the Institute of Multipurpose Utilization of Mineral Resources Chinese Academy of Geological Sciences (IMUMR) to jointly advance development of the Project (Neometals, 2019b).

Exploration drilling in the 2018–2019 reporting period comprised 24 RC drillholes for 1,589 m drilled on the three adjacent exploration tenements. This included 15 RC drillholes on E57/769 for 1,043 m, three RC drillholes for 198 m on E57/770, and six RC drillholes for 348 m on E57/1041. During 2019–2020, an additional 30 RC exploration drillholes (2,030 m) were completed on the surrounding exploration tenements. This included 25 RC drillholes on E57/769 for 1,720 m, two RC drillholes for 113 m on E57/770, and three RC drillholes for 197 m on E57/1041. The exploration drilling confirmed the presence of titanium-vanadium mineralisation along strike to the north and south of M57/173, including extension of the mineralisation at the Ballanhoe Hills prospect from E57/796 on to E57/1041. Drilling and sampling also intersected mineralisation at the Virginia Hills prospect to the west of Barrambie on E57/769.

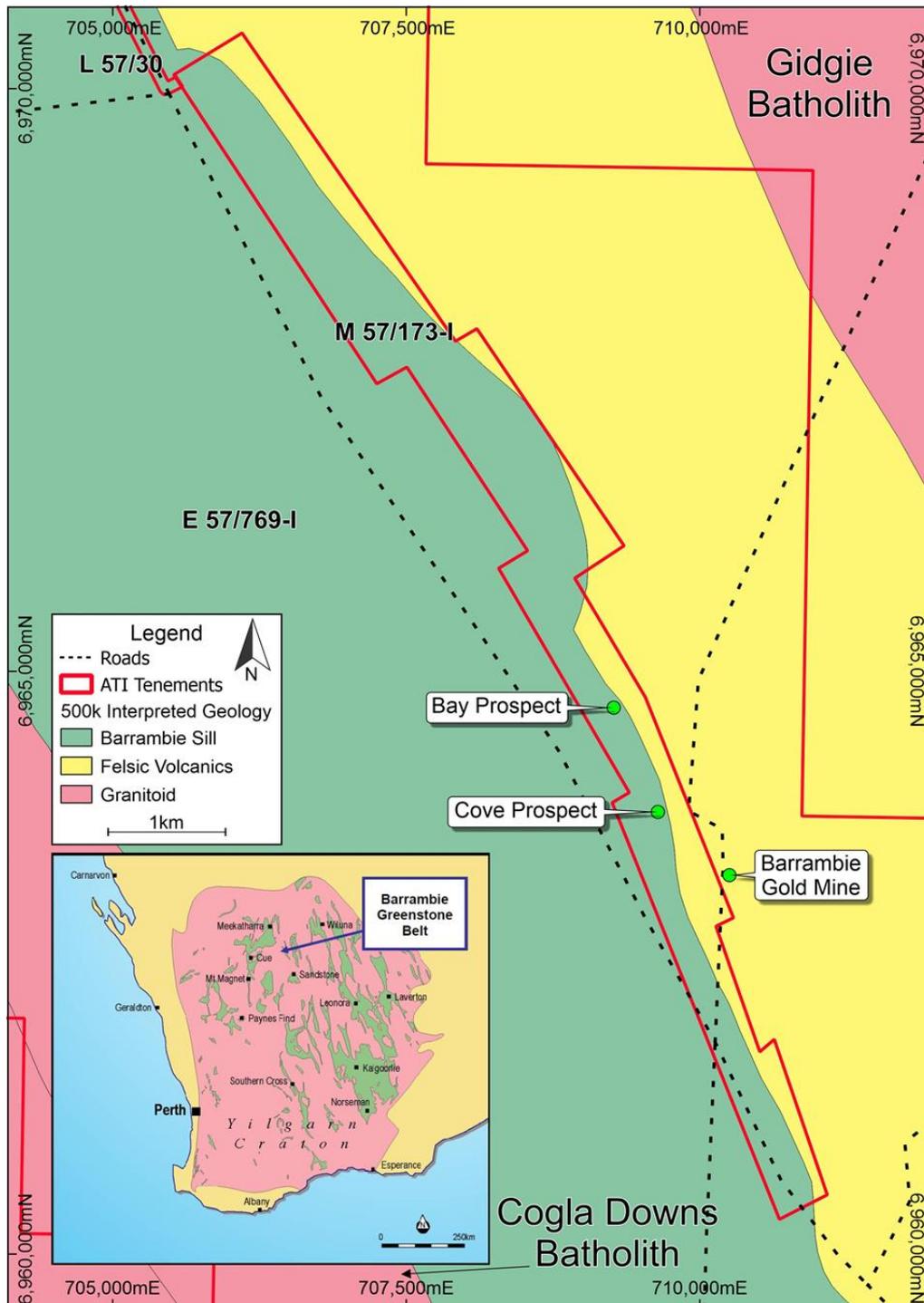
From August 2019 to September 2019, 12 additional holes (760 m) were drilled in M57/173 to provide another 10 t bulk metallurgical sample. Samples were collected from drilling across the Central Zone Bands and Eastern Band at five different locations. Subsequent metallurgical testwork focused on titanium continued through the period 2020 to 2021 and is discussed in Section 9 of this report.

4 GEOLOGY AND MINERALISATION

4.1 Regional geology and mineralisation

The Barrambie deposit is hosted by the Barrambie Igneous Complex situated within the north-northwest trending Archaean Barrambie Greenstone Belt in the northern area of the Yilgarn Craton (Figure 4.1). This linear greenstone belt is approximately 60 km long and attains a maximum width of approximately 4 km. The large layered, mafic complex has intruded into and strikes conformably with the general trend of the enclosing Barrambie Greenstone Belt. The main sill is comprised of anorthositic magnetite-bearing gabbros and varies in width from 500 m to 1,700 m.

Figure 4.1 Barrambie Titanium-Vanadium Project regional geology

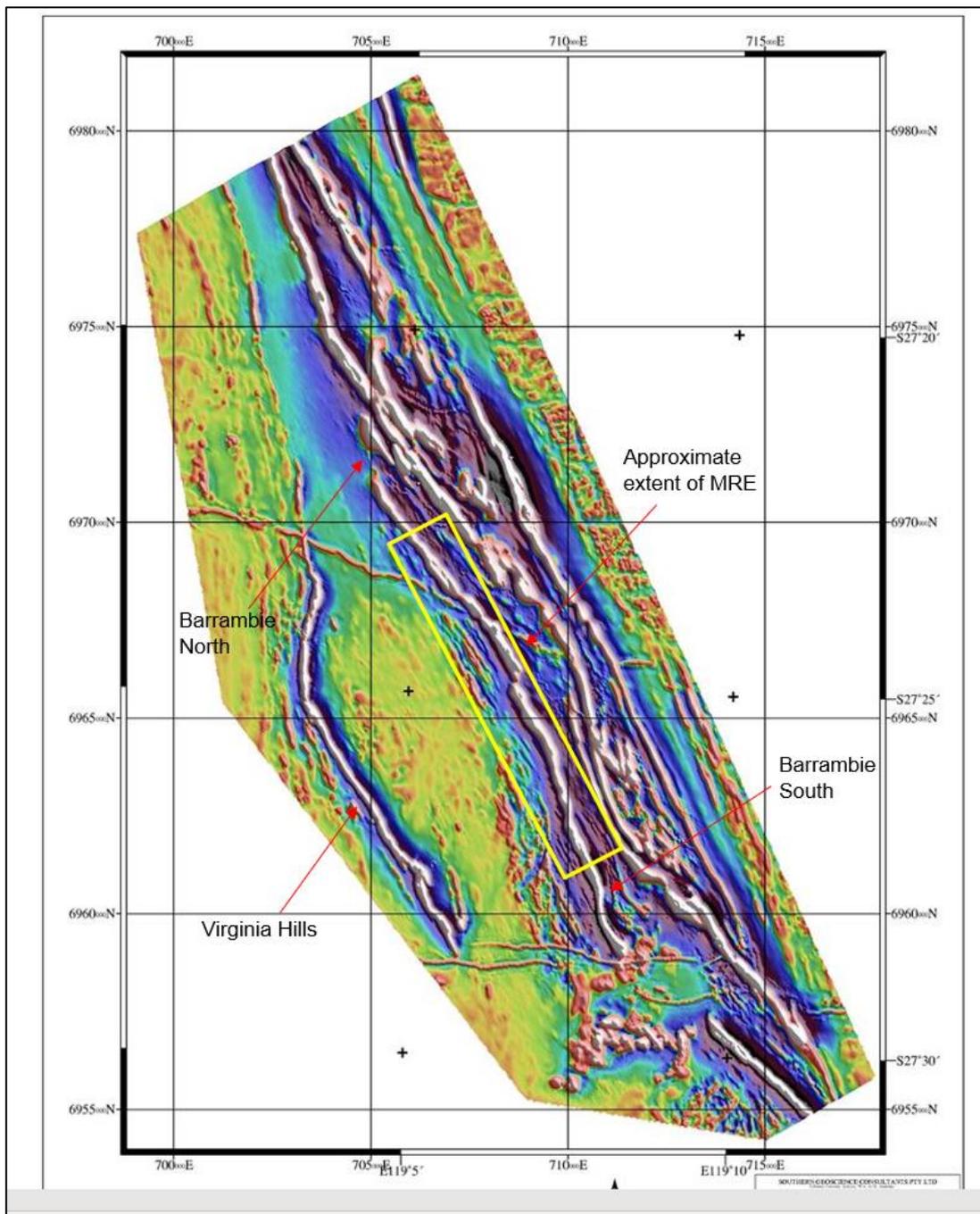


Source: Australian Titanium, 2021

Titanium-vanadium-iron mineralisation occurs as bands of cumulate aggregations of vanadiferous magnetite (martite-ilmenite-leucoxene) in massive and disseminated lenses of variable width. Titanium is principally held in titanohematite-martite/altered ilmenite intergrowths. They are closely associated with magnetite and these iron-titanium oxide phases also contain the bulk of the vanadium. The lenses occur within a continuous 150–200 m thick unit, visible along the entire tenement. Individual units exhibit a northwest trending schistosity which dips sub-vertically and/or steeply southwest. Wide spaced faults offset mineralisation over the 11 km strike length within M57/173.

Aeromagnetic data and regional geological mapping have identified mineralisation extending north and south from M57/173 for 25 km of strike into the northern and southern Exploration Licences. A second zone of titanium-vanadium-iron mineralisation occurs at Virginia Hills approximately 3–5 km to the west of the main zone of mineralisation. Virginia Hills represents a limb of the regional fold structure with structural similarities to the main mineralisation zone (Figure 4.2).

Figure 4.2 Barrambie total magnetic intensity (RTP) first vertical derivative



Source: Neometals, 2019

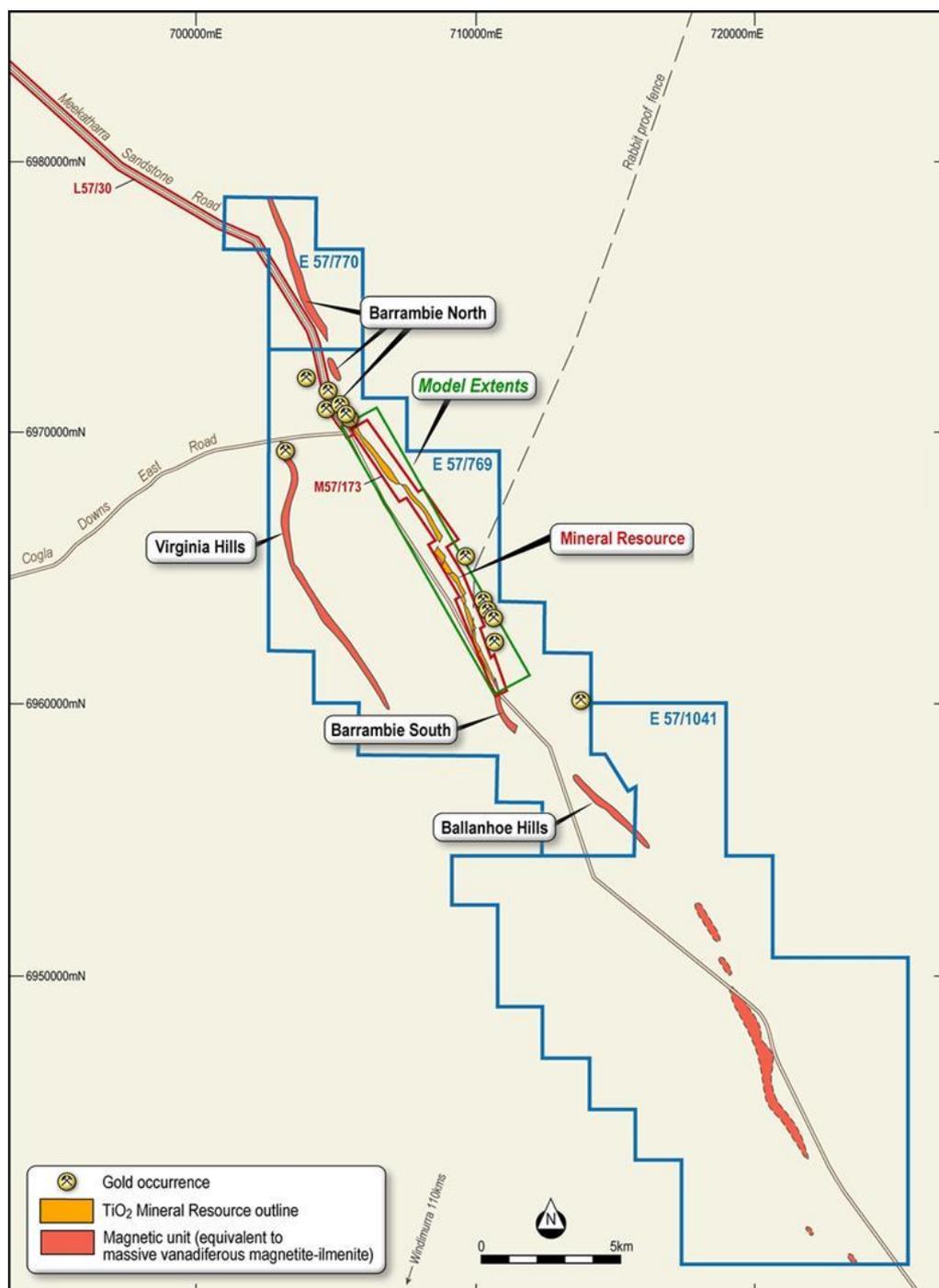
4.2 Project local geology and mineralisation

4.2.1 Introduction

The Barrambie deposit is poorly exposed over its 11 km strike length owing to surficial weathering/lateritisation and the presence of transported regolith (wind-blown and water-borne sandy and silty clay), scree and colluvium. Remnants of the partly eroded laterite form ferricrete caps on low hills, overlaying weathered rock to depths of 70 m. The water table is intersected at 35 m below surface.

In addition to the mineralisation in the current Mineral Resource area (Barrambie deposit), five other areas have been identified: Barrambie Deeps, Barrambie North, Barrambie South, Ballanhoe Hills, and Virginia Hills (Figure 4.3).

Figure 4.3 Barrambie deposit and prospect locations



Source: Neometals, 2019

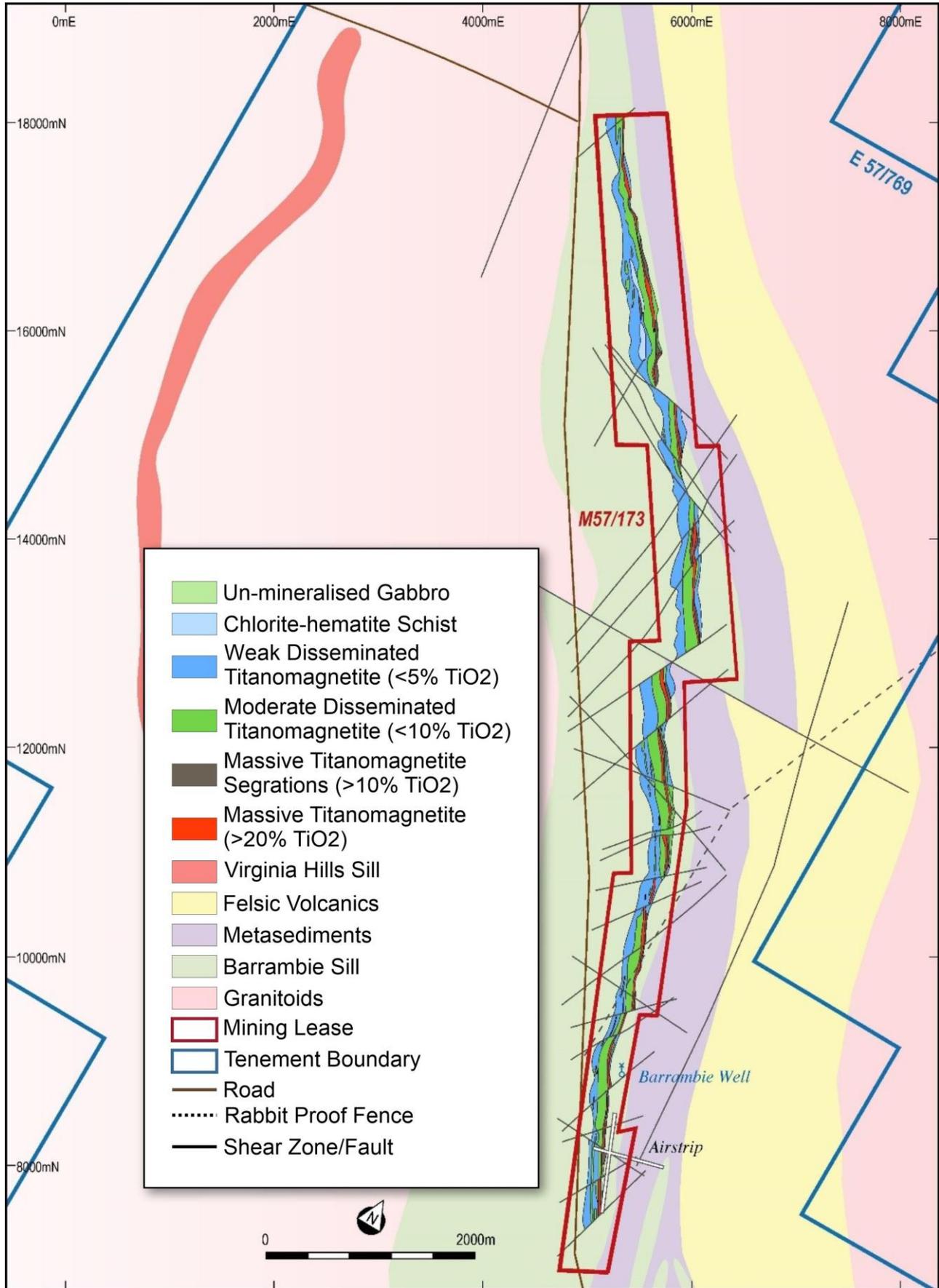
Two styles of mineralisation are commonly described:

- Magnetite bands:
 - Magnetite (Fe_3O_4) grains ranging from 2 mm to 10 mm in size are preferentially concentrated in monomineralic bands and are more resistant to weathering than their gabbroic host.
 - Magnetite exhibits progressive oxidation to hematite \pm martite (a pseudomorph of hematite after magnetite). With progressive oxidation, the original structure of the magnetite/martite grains is destroyed leaving very fine-grained hematite and goethite.
 - Primary and secondary ilmenite (FeTiO_3) inclusions are commonly observed, which often undergo alteration to anatase (TiO_2) in the weathered zone.
 - Vanadium is largely immobile displaying comparable concentrations in secondary iron oxide (hematite \pm martite) mineralisation. Some supergene enrichment may occur upwards in the weathering profile owing to calcium, aluminium, silicon and iron depletion.
 - Magnetic susceptibility diminishes as weathering intensity and magnetite alteration increases.
- Gabbro:
 - Disseminated magnetite may be present in gabbro between the massive magnetite bands. Elevated vanadium concentrations may persist with hematite in weathered zones.
 - The gabbroic host rock consists largely of plagioclase feldspar (anorthite – $\text{CaAl}_2\text{Si}_2\text{O}_8$). In the fresh zone, anorthite is observed as 3–7 mm laths. These alter progressively to kaolinite ($\text{Al}_2\text{Si}_2\text{O}_5(\text{OH})_4$) in the weathered zone.
 - Calcium is a useful indicator of alteration with elevated concentrations (6–10%) in the fresh zone and lower calcium contents (less than 0.1%) in weathered horizons.

Despite poor exposure, the layered complex has been subdivided into five main units by Ward (1975) as illustrated in Figure 4.4, including:

- Anorthosite: Coarse grained and cumulate-textured plagioclase (labradorite) with interstitial quartz (<10%), chlorite, epidote, and apatite, with aggregates of sphene and leucoxene. Mafic components comprise approximately 10% of the unit.
- Magnetite anorthosite: Intergrowth of plagioclase, magnetite, chlorite and epidote with minor ilmenite, leucoxene and sphene. Magnetite is generally partially oxidised to martite (hematite).
- Gabbro (dolerite): Medium to coarse grained clinopyroxene, actinolite, plagioclase (labradorite) and hornblende with minor fine-grained magnetite (martite).
- Magnetite gabbro: Coarse-grained plagioclase, chlorite and secondary actinolite, apatite, epidote, magnetite (martite), ilmenite and minor hornblende. There are actinolite pseudomorphs after pyroxene and intergrowths of magnetite (martite) and/or ilmenite up to 5 mm in width.
- Magnetite: Massive (greater than 80%) magnetite (now mostly martite) and lesser ilmenite with interstitial chlorite, hornblende, plagioclase, and trace pyrite. The magnetite grain size typically ranges from 2 mm to 10 mm.

Figure 4.4 Barrambie local geology, on local grid



Source: Australian Titanium, 2020

4.2.2 Barrambie deposit geology

The Barrambie deposit has been divided into five regions – Bay, Cove, Gulf, Bight, and Strait. These form around major faults with offsets ranging from a few metres to 400 m. The late-stage faults typically strike from 010° to 030° and are steeply dipping. They are readily distinguished in the near surface through the presence of remobilised iron oxide staining.

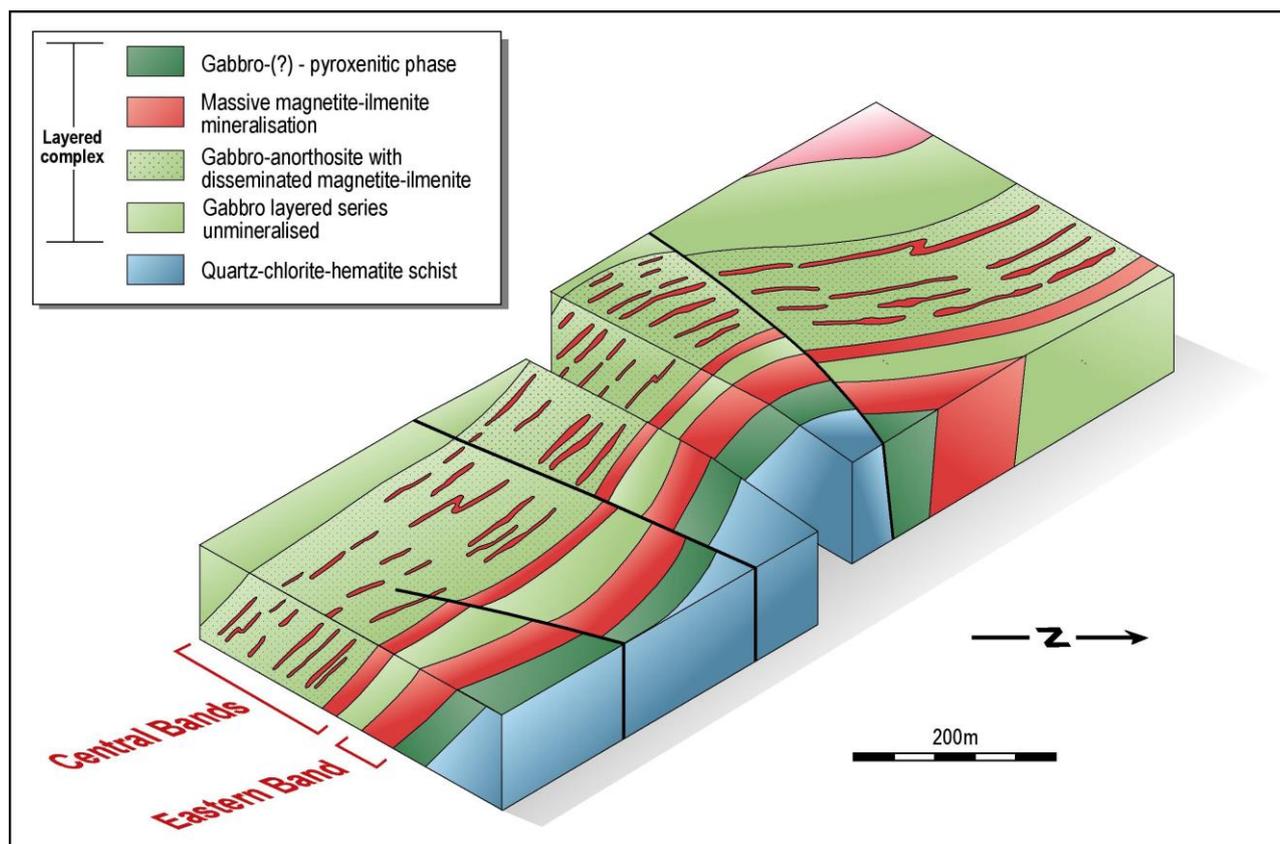
Within the weathered profile, magnetite is almost completely oxidised to hematite (martite), with only limited alteration of ilmenite to leucoxene.

A distinction is made between a stratigraphically higher Eastern Zone (also referred to as the Eastern Band) and the lower Central Zone (Central Band) within the deposit.

The Central Zone consists of massive (greater than 80%) bands of partly oxidised, vanadiferous magnetite (martite) and ilmenite. Individual bands range from a few centimetres to approximately 5 m in width, separated by layers of anorthositic gabbro, with varying concentrations of disseminated magnetite (martite). While individually mineralised bands in the Central Zone are locally discontinuous, 15 bands can be traced over a maximum width of 400 m for most of the tenement.

Mineralised lenses are observed in the Eastern Zone and Central Zone within a 150–200 m thick rock unit which is continuous along strike (Figure 4.5). Eastern Zone mineralisation is disseminated (magnetite grains of 1–3 mm diameter), relatively continuous, with average widths of 28 m and peaking at 55 m. It exhibits grades of more than 20% TiO₂ and 0.4% to 0.8% V₂O₅.

Figure 4.5 Barrambie deposit geology

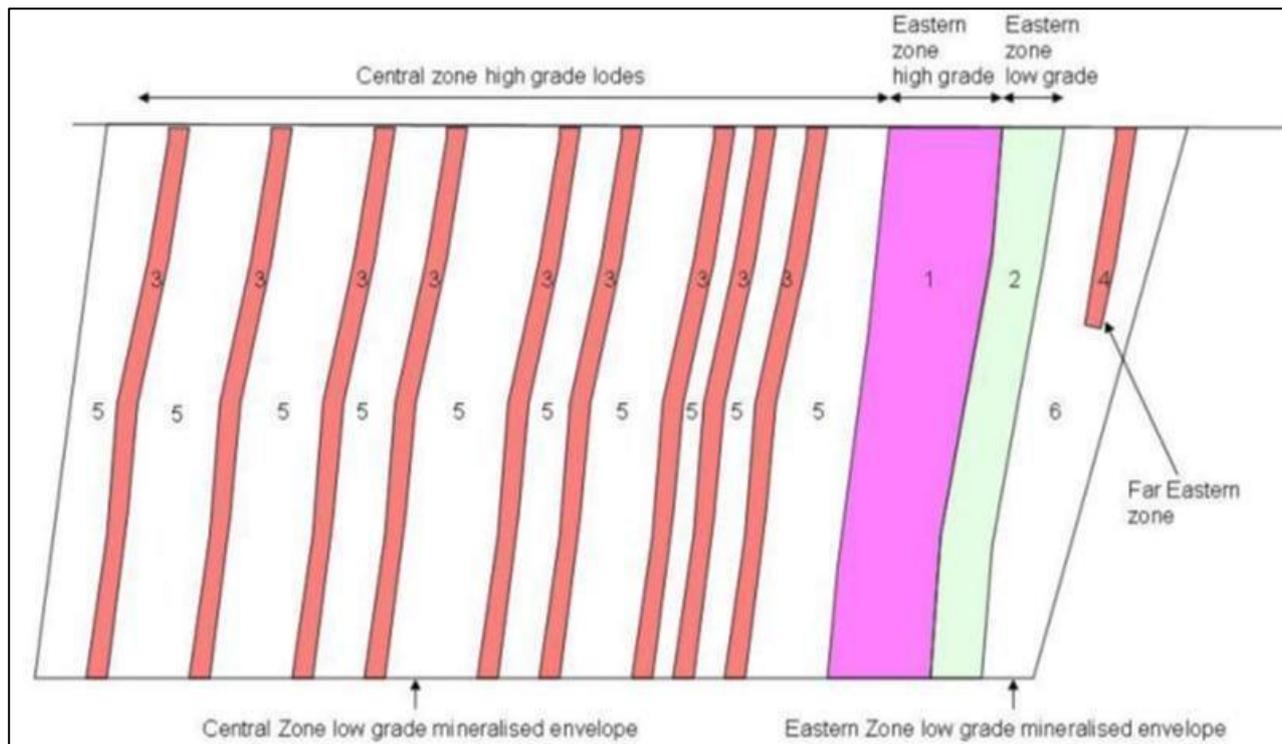


Source: Australian Titanium, 2020

Central Zone mineralisation is massive (magnetite grains 2–10 mm diameter), relatively discontinuous, with bands as narrow as several centimetres.

The units commonly exhibit sub-vertical to steep westerly dips (Figure 4.6), crosscutting a regional northwest schistosity, with dips as low as 45°.

Figure 4.6 Schematic cross-section of the Barrambie deposit



Source: Sedgman, 2015

Barrambie Deeps represents a down dip extension of mineralisation below the limit of the current Mineral Resource along the full strike of the main deposit. This extrapolation is supported by geological continuity of the magnetite layering intersected by limited deep drilling.

4.2.3 Barrambie North

Barrambie North represents a strike parallel extrapolation of the main deposit, north of the Mineral Resource (Figure 4.3). A single line of RC drilling was completed in 2017 in the central portion of the Barrambie North area, with further drilling carried out in February and September 2019. The results of the drilling suggest the mineralisation is narrower and exhibits less continuity when compared with the main deposit.

4.2.4 Barrambie South

Barrambie South represents the along strike extrapolation of the main deposit to the south of the Mineral Resource. The airborne magnetic survey data confirms the strike continuity of the main deposit over an additional 1 km zone south of the Mineral Resource. Three RC holes drilled in February 2019 support the extension of mineralisation south of the Mining Lease.

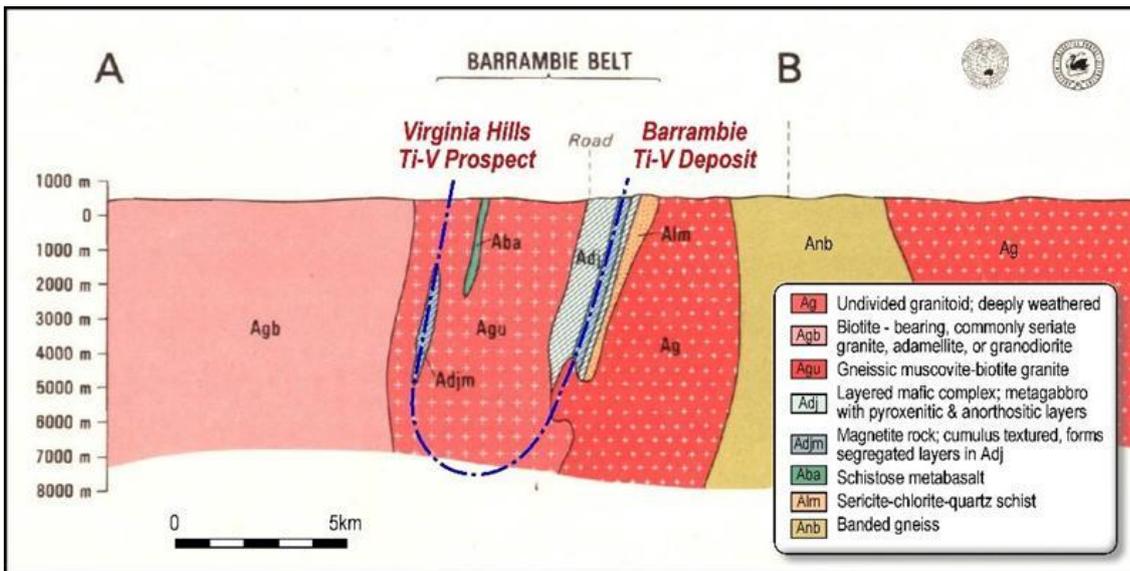
4.2.5 Ballanhoe Hills

Ballanhoe Hills represents a southerly strike extension of the Barrambie mineralisation approximately 3 km southeast of the Barrambie South prospect. A single line of RC drilling was completed in 2017 in the central portion of the Ballanhoe Hills area, and further drilling was conducted in February 2019 and September 2019. Drill intercepts confirm a similar thickness of mineralisation to the main deposit, although the high-grade Eastern Zone is less well developed. Magnetic survey data indicates that the mineralisation should continue over an additional 3 km strike length.

4.2.5 Virginia Hills geology

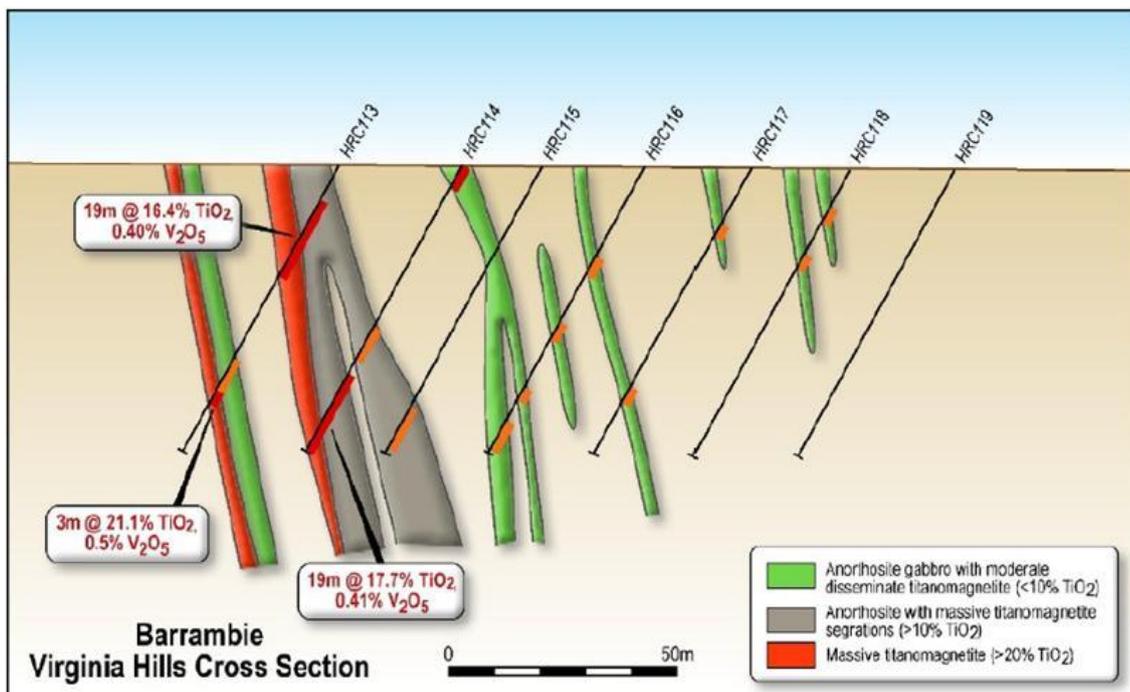
Virginia Hills is located approximately 5 km west of the Mineral Resource and is interpreted as a fold repetition of the Barrambie mineralisation (Figure 4.7). At Virginia Hills, the host gabbro to the mineralised magnetite bands only has limited exposure as much of the greenstone stratigraphy has been digested by the flanking granite gneiss and granitic rocks. Most of the titanium-vanadium-iron mineralisation is covered by sparsely vegetated colluvial soils. Generally, the depth to unoxidised to weakly oxidised magnetite is relatively shallow, being less than 20 m. This Western Zone at Virginia Hills, although represented by a strong aeromagnetic anomaly, is generally only expressed on the surface as scattered scree of weakly oxidised magnetite. Drilling results suggest that Virginia Hills mineralisation is typically narrower, with 10–15 m average thicknesses and maximums of 20–30 m in some areas (Figure 4.8). Aeromagnetic survey data indicates an 11 km strike length. (Figure 4.2).

Figure 4.7 Schematic geological model for Virginia Hills mineralisation



Source: Australian Titanium, 2019

Figure 4.8 Drill cross section at Virginia Hills



Source: Neometals, 2019

5 RESOURCE DRILLING

5.1 Summary

The Barrambie deposit has over a 50-year drilling history from 1968 to the present day. In this report, holes drilled prior to 2007 are referred to as “historical” and post 2007 referred to as “recent”. The drilling campaigns conducted up until 2017 are listed by date in Table 5.1. Companies involved in control of the drilling campaigns were GIPL, FVC, GAR, TGR, PMA, and Neometals (formerly Reed).

Table 5.1 Drilling campaigns

No.	Date	Company	Company supervising drilling	Type	Holes
1	1968	GSI	GSI	OHP	PDH 1–13
2	1968		GSI	DDH	DDH 1–2
3	1971	FVC	Geotechnics	OHP	PDH 14–72
4	1971		Geotechnics	DDH	DDH 3–4
5	1978		Unknown	Unknown	UNKN
6	1984		Holyex	OHP	PDH 73–134
7	1985	GAR	Durey	RAB	BR 1–114
8	1987		Unknown	RAB	SG 1–65
9	1987		Unknown	RAB	B 1–122
10	1987		Unknown	RC	SG 136–178
11	1987		Unknown	RC	B 194–240
12	1996	TGR	Unknown	RAB	CRB 1–11
13	1999		Snowden	RC	BRC 1–16
14	1999		BFP	RC	BARC 001–002
15	1999	PMA	BFP	DDH	PMABRDDH 007–012
16	2007	Reed	Reed	RC	BRC 17–159
17	2007		Reed	DDH (HQ3 and PQ)	BDDH 001–002, 007, 010, 010A, 011–013
18	2007		Caldwell	Bulk sample	BCAL 001–010
19	2007		Reed	RC	BRC 160–335
20	2007		Reed	DDH (PQ)	BDDH 014, 017, 020–023
21	2007		Reed	DDH (PQ)	BDDH TW001, 007, 009, 010, 012, 014, 015
22	2007		Reed	RC	BRC 336–489
23	2008		Reed	RC	BRC 490–826
24	2008		Reed	RAB	BWH 010–011
25	2008		Reed	DDH	BDDH 024–041A
26a	2017	Neometals	Neometals	DDH	BDDH 050–069
26b	2017		Neometals	RC	VHRC 113–119, 162–175
27	2019		Neometals	RC metallurgical	MSC 001–88
27	2019		Neometals	RC exploration	XBC 001–053

Drilling techniques included rotary air blast (RAB), open hole percussion (OHP), RC, and diamond drilling (DDH). Campaigns 9 to 12 explored for gold and have no vanadium, titanium, iron, or minor element assays. RC drilling campaigns were initially targeted using ground magnetic data and surface outcrops, while campaigns 22 and 23 were targeted using detailed aeromagnetic data.

Diamond drillholes were collared to investigate:

- Geological, mineralogical data and metallurgical material from the four main mineralisation types: strongly oxidised (SOX) and weakly oxidised (WOX) disseminated mineralisation in the Eastern Zone, and SOX and WOX massive mineralisation in the Central Zone
- Sample reproducibility with the twinning of RC holes
- Geotechnical rock characteristics for open pit design modelling.

Caldwell drillholes were located for metallurgical purposes and penetration suitability.

Initial drill coverage up until 1987 consisted of 25 m spaced drillholes on lines spaced 200 m apart with additional extension and infill drilling during 1996 and 1999. OHP drillhole data was later discarded from the resource estimates due to poor sample quality with separate RC holes infilling to 100 m undertaken for resource estimation purposes (local grid 7535N to 18000N).

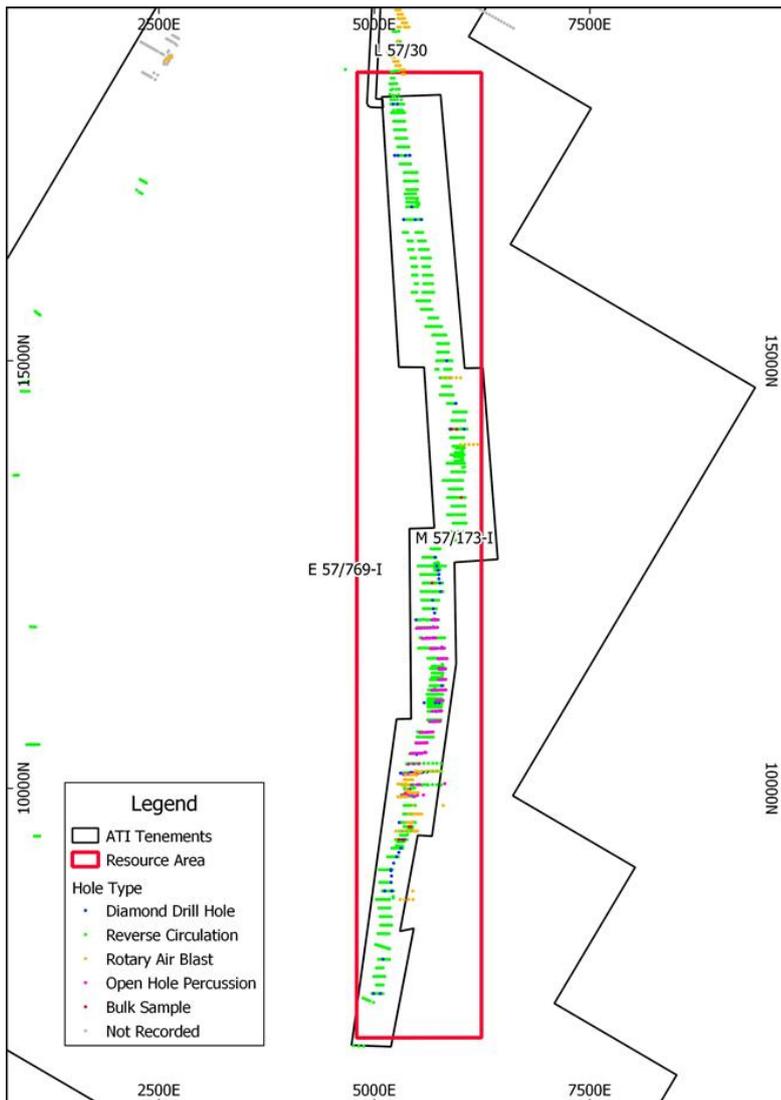
The number of holes by drill type is listed in Table 5.2.

Table 5.2 Drillholes within the Barrambie Mineral Resource by hole type (up to 2021)

Description	Hole type	No. of holes
Caldwell bulk sample	Bulk sample	9
Rotary air blast	RAB	125
Open-hole percussion	OHP	122
Reverse circulation	RC	796
Diamond	DDH	67
Total	All RC+DDH	1,129
		863

A plan view of all the collar locations in local grid is shown in Figure 5.1.

Figure 5.1 Drillhole collar locations within the Barrambie Mineral Resource area as at 2021 (local grid)



Source: Australian Titanium, 2021

Note: Red box depicts the Barrambie Mineral Resource area.

5.2 Drilling and sampling used in the Mineral Resource estimate

Drilling by Reed from 2007 to 2009 comprised:

- 782 RC drillholes of 135 mm diameter from four drilling campaigns (16, 19, 22, and 23) for a total of 55,563 m
- 36 PQ triple core and HQ triple core diamond drillholes from three campaigns (17, 20, and 25) for a total of 2,581 m
- 10 Caldwell auger holes of 0.97 m diameter from campaign 18 for a total of 202 m.

Following the 2009 resource estimate update, supplementary resource drilling included:

- 20 diamond drillholes for an aggregate of 1,414 m. The diamond holes were drilled oriented down dip within the Eastern Zone Mineral Resource area and were primarily designed to provide samples for metallurgical testwork.
- 21 RC holes drilled outside of the Mineral Resource area targeting along strike extensions and parallel structures.

In addition, an 88-hole (6,338 m) metallurgical RC drill program was completed in 2019 for the purpose of generating bulk samples of the Central Zone and Eastern Zone. Approximately 80 t of sample was collected for metallurgical testwork. Data from these holes were not used in the current Mineral Resource estimate.

For Reed's drilling, the local metric grid was re-established by surveyors Hille Tompson and Delfos (Geraldton, WA) with a grid north-south baseline at 5,500E (BSG, 2009e) and has been used for all drilling and modelling since 2009. Cross lines for drill access were typically generated at 100 m intervals along strike using a bush rake mounted on a Traxcavator. Original imperial drill traverse lines from the 1970s and 1980s were also restored. Collars were pegged at 40 m intervals along these cross lines. Historical holes drilled in the 1970s were picked up on the re-established local grid whenever collar positions could be identified. Other collar positions were calculated by conversion from the old imperial grid locations. Errors in these positions are due to drift of the original imperial survey lines from a specified magnetic direction (BSG, 2009e). Recent drillholes were collar surveyed on local and GDA 94 grids.

RC and DDH holes were for the most part drilled at -60° with azimuths of either 090° or 270° (mine grid) depending on the target geometry and local stratigraphy. Given the sub-vertical mineralisation, true widths are approximately 50% of the downhole intersection length, although this relationship is dependent on the local geometry of the mineralisation. As minimal hole deflection was expected for all these comparatively shallow holes, no downhole surveying was performed.

A qualitative logging code was used to record recovery for the recent RC and diamond drilling. Based on the qualitative logging, RC sample recovery is considered reasonable with only minor losses within fault/shear zones which are dominated by clay.

6 SAMPLE PREPARATION, ANALYSES AND SECURITY

6.1 Reverse circulation and diamond drill samples

6.1.1 Sampling methodology

Sampling methodology has varied slightly between generations of drilling, but for the most part the process has been similar to that discussed below.

RC drill cuttings from 1 m intervals were collected ex-cyclone in plastic buckets with 3–5 kg samples generated from a three-tiered Jones riffle splitter or collected directly into green plastic bags with subsamples collected from a cone splitter directly under the cyclone.

Reject material was retained in 600 mm x 900 mm open topped plastic bags placed on the ground in nominal rows of 20 samples. The split-out subsamples were collected in unnumbered (2017) or pre-numbered (2019) 12" x 15" calico bags and deposited beside the corresponding reject samples. Reject sample masses ranged between 20 kg and 40 kg depending on mineralogy and recovery, with split samples between 3 kg and 5 kg.

Sample return was mostly dry with reportedly rare drill blockages or build up in the cyclone and splitter. The splitter was cleaned after each sample and the cyclone after every drillhole in 2017, and every drill rod in 2019.

Once assay results were received reject plastic bags of selected mineralised material were sealed and collected into 44-gallon drums before transported to Perth to be used in metallurgical testwork.

Diamond core samples were delivered to surface in the triple tube, exposed by removing the top split, then passed into film tubing while still supported on the lower split. The core was then supported on a PVC split and inverted into core trays so that the lower metal split could be removed. Hole depths were recorded using core blocks. Orientation marks were attempted at the completion of each run using a spear and crayon but were typically only conclusive for competent, weakly oxidised or fresh material.

The core was transported to either the Neometals yard in Welshpool or Sandstone for geological and geotechnical logging, magnetic susceptibility readings and standard photography. All remaining core is stored at the Neometals facility at Welshpool, however, the majority has been consumed for analysis and metallurgical testwork.

6.1.2 Geological logging and sample selection

Representative subsamples of the 1 m samples from the RC drilling were wet sieved and placed in plastic chip trays. The chips were then geologically logged based on degree of oxidation, colour, texture, mineralogy, water content and recovery.

Geological logging and sample residue inspection of reject material was used to identify 1 m samples considered to contain vanadium at concentrations greater than or equal to 0.3% V_2O_5 . In 2017, for each interval, the unnumbered calico bag containing the sample split was then placed inside a numbered and ticketed cloth bag. In 2019, all calico bags were prenumbered. The number of the split sample, depth and hole number were recorded in standard Microsoft Excel template format along with other drilling data.

In 2017, where the V_2O_5 content was considered from the geological logging to be less than 0.3%, the original splits in the cloth bags were made up into 3 m composites using equal weights from each 1 m sample. The composites were placed into numbered and ticketed calico bags and the data recorded as described previously.

In 2019, whenever samples were considered to be less than 0.2% V_2O_5 a composite sample was made from spearing and combining a nominal 4 m of samples.

Diamond drill core was marked into metre lengths, unwrapped from the tubular film, oriented where possible, logged both geologically and geotechnically and photographed. Whole core samples of 0.1 m length were selected of different types of material and sent to AMDEL Laboratory in Welshpool (WA) for bulk density measurements. Longer lengths of core were taken for unconstrained compressive strength (UCS) and triaxial shear tests. The core was then quarter sampled either using a cold chisel and hammer for softer material or a diamond saw for the harder material. Sample intervals were either at geological boundaries or at 1 m intervals. The quartered subsamples were placed in numbered and ticketed cloth bags with all sampling and geological data recorded in the standard template format.

Prior to 2019 both RC and diamond samples were despatched to SGS Laboratories in Welshpool, Perth or to Spectrolab in Geraldton for X-ray fluorescence (XRF) and loss-of-ignition (LOI) analyses.

From February 2019, all primary assays have been carried out by ALS at Wangara and Malaga, WA.

6.2 Laboratory assay preparation

Drill samples prior to 2019 (1 m RC samples, composites, and diamond drill core) were dried at 105°C and crushed and pulverised to less than 75 µm. The samples were fused in platinum crucibles using lithium metaborate-tetraborate flux and the analysed by XRF for: V₂O₅ (>0.01%), TiO₂ (>0.01%), Fe₂O₃ (>0.01%), SiO₂ (>0.05%), Al₂O₃ (>0.01%), MgO (>0.01%), CaO (>0.01%), MnO (>0.01%), P₂O₅ (>0.01%), K₂O (>0.01%), Na₂O (>0.05%) and S (>0.01%). An additional aliquot was analysed by thermogravimetric analysis (TGA) for the total LOI at 1,000°C.

From February 2019, all primary analysis was by XRF/lithium borate fusion (XRF-21), the recommended method for analysis of samples with high iron content. In total, more than 6,400 samples from 2019 were assayed by the XRF-21 method for: Al₂O₃, As, Ba, CaO, Cl, Co, Cr, Cu, Fe, K₂O, MgO, Na₂O, Ni, P, Pb, S, SiO₂, Sn, Sr, TiO₂, V, Zn, Zr, with a LOI at 1,000°C.

Analytes for the XRF-21 method report range from 0.0% to 30.0% TiO₂, therefore 184 returned assays for titanium only reported values as having ">30%" TiO₂. These 184 samples were re-assayed by the whole rock fused disk XRF method (XRF-26). All 184 re-assayed samples returned assays greater than 30% TiO₂, with the highest single assay from MSC073 at 45.8% TiO₂ from 6 m.

6.3 Quality assurance and quality control

Snowden has reviewed the assay data QAQC for the three stages of resource model updates: August 2007, March 2008, and January 2009. The August 2007 resource model included drilling from campaigns 16 to 19, the March 2008 resource model included additional drilling from campaigns 20 to 22, and the January 2009 resource model included additional drilling from campaigns 23 and 25 (Table 5.1).

6.3.1 August 2007 resource model QAQC

QAQC for drilling campaigns 16 to 19 was described in the August 2007 resource report (Snowden, 2007c). One standard was submitted with each sample batch for analysis; however, the standard had a non-certified value for V₂O₅ which was below the mineralised grade range for Barrambie. It was recommended that Reed use a standard with certified vanadium and titanium values that are in the approximate range of the Barrambie potential mineable mineralisation. The original and duplicate vanadium assays for the field duplicates showed good precision, which suggested that field sampling procedures for this program were good. However, it was recommended that approximately 5% of the total data collected should be duplicated.

6.3.2 March 2008 resource model QAQC

For drilling campaigns 20 to 22, field duplicates were collected at the rig and sent for analysis with the original samples.

Round robin check analysis was completed with Reed sending selected pulps to three reputable analytical service provider laboratories in Perth (ALS, Ultra Trace and Genalysis), as well as blind re-submission of pulps to SGS.

There were five standards sent with the samples for analysis: a high-grade (HG), medium-grade (MG), low-grade (LG)¹, and two mineralised waste standards BRI 407-1 and BRI 407-2. The HG, MG and LG standards were prepared by Gannet Pty Ltd from bulk samples collected from the dumps at the old FVC pilot screening plant site at Barrambie. Reed sent the standards in a drum to the SGS laboratory with the instruction to insert one standard for every 25 drillhole samples into the sample stream. To determine the expected values of the standards, Reed submitted the standards in duplicate to four different laboratories (SGS, ALS, Ultra Trace, Genalysis) for analysis of the standard suite of elements. This provided eight analyses for each of the five standards.

Snowden's preliminary review of the drilling QAQC data supplied for campaigns 20 to 22 indicated there were insufficient analyses to determine the expected value for the standards. Additionally, it was found that SGS began inserting the standards approximately halfway through the program, and then at the rate of one standard per batch instead of one standard per 25 samples as instructed. Consequently, there were insufficient standards submitted to detect any grade bias for the first half of the program.

To address these issues, Reed had SGS blind re-assay some 5% of the sample pulps from the batches where no standards had been inserted. This program comprised approximately 200 pulps of greater than 0.6% V₂O₅ out of approximately 5,000 samples. With the pulp re-submission batch, 50 standards were randomly included and analysed; these were to be used for determining the expected values for the standards and to measure any grade bias. Additionally, four of each of the five standards were sent for analysis at three separate laboratories (ALS, Ultra Trace, Genalysis) to give 12 additional analyses of each standard. The program aimed to provide a total of 30 analyses for each standard considering the eight analyses of each already completed.

Standards

Determination of expected values

Snowden reviewed the results supplied for the standards to determine their expected values. This involved the process of identifying and removing outliers before calculating the expected means and standard deviations for the standards. Results from standards sent to ALS in March 2008 were found to be consistently higher than those returned from the other laboratories. When Reed queried the results with ALS, it was found that ALS was using a vanadium reference which was too low for the mineralised grade range at Barrambie. All the V₂O₅ assays for the HG, MG and LG standards returned from ALS in March were therefore excluded from the calculation of the expected values.

Additionally, high TiO₂ results returned from ALS were reported as "greater than 12" or "greater than 20"; these results were also not useful for calculating the expected values.

Snowden recognises that there is an inconsistency in utilising the standards results from the resubmission program for calculation of expected grade and variance values given that these results are expected to justify the quality of the associated re-assay work. To remediate this issue, the expected mean and standard deviation of each standard was recalculated after excluding the latest SGS results. The results obtained indicated that there was either no or only minor changes in the expected values. This outcome is considered to support the validity of the pulp re-assay results.

Standard results

The standard results for drilling campaigns 20 to 22 were plotted on control charts to assess analytical accuracy and bias. There were 20 assay results in total for the five standards, covering the period from 28 November 2007 to 16 January 2008.

One Fe assay result for the HG standard falls outside three standard deviations from the expected value; however, all other results returned for V₂O₅, TiO₂, Al₂O₃ and SiO₂ were within three standard deviations of the expected value. The results for the HG standard showed a slight positive bias compared with the expected values for V₂O₅, TiO₂ and Fe, and a minor negative bias compared with the expected values for Al₂O₃ and SiO₂.

¹ These standards are referred to in the Phase 4 drilling QAQC analysis as HG_A, MG_A and LG_A.

All assay results for the MG standard are within three standard deviations from the expected value of the standard. No bias is apparent in the V_2O_5 results; however, a slight positive bias can be seen for TiO_2 . The positive bias is stronger for Fe and the Al_2O_3 and SiO_2 results show a negative bias.

One assay result was returned for the LG standard. The result lies within three standard deviations from the expected value.

The results for standard BRI 407-1 are all within three standard deviations from the expected value and show no bias. For standard BRI 407-2, all results returned fell within three standard deviations of the expected value. No bias was present for V_2O_5 ; with a slight negative bias seen for TiO_2 and Fe, and a slight positive bias for Al_2O_3 and SiO_2 .

Field duplicates

Snowden reviewed the field duplicate data available, which included 309 duplicates from drilling campaigns 16 to 19, and 159 duplicates from drilling campaigns 22 to 22. Some outliers are present in the field duplicate data; however, overall the field duplicates show an acceptable level of precision.

Umpire analysis September 2007

Snowden reviewed the pulp re-submissions carried out in September 2007. The program consisted of 48 mineralised pulp samples, which were re-numbered and then re-submitted to four laboratories. Twelve samples each were sent to ALS, Genalysis, Ultra Trace and SGS. Outlier pairs are present in the datasets; in particular, the Genalysis data contains one outlier which influences the poor correlation coefficient. The scatterplots show that if the single outliers in the SGS versus Genalysis and the SGS versus Ultra Trace datasets were removed, then the results from these laboratories would improve significantly, with the remaining pairs plotting close to the 1:1 line on the scatterplots.

The results from ALS also contain outliers, although the scatter of pairs around the 1:1 line is broader than the other laboratories, and a slight bias in the ALS results can be seen for the higher V_2O_5 grades, although more data is required to verify this.

Pulp re-submissions March 2008

Snowden reviewed the pulp re-submissions sent to SGS in March 2008. The program consisted of 196 mineralised pulp samples which were re-numbered and re-submitted to SGS. The program was completed to validate the results from drilling campaigns 20 to 22 where standards had been omitted from the first half of the drilling programs. Standards were also submitted with the pulp re-submissions. Apart from one outlier, the pulp re-submissions show an acceptable level of precision.

Summary

Outcomes from the QAQC program for drilling campaigns 20 to 22 are:

- Field duplicates show reasonable precision indicating that sampling protocols at the drill rig are appropriate.
- Expected values for the five standards have been calculated using the 50 samples included with the March 2008 pulp re-submission and the eight samples originally assayed in September 2007. ALS' results for the March 2008 standards were consistently higher than the other laboratories for the HG, MG, and LG standard; these results were excluded from the calculation of the expected values.
- Control charts for the standard results from the second half of the drilling campaigns 20 to 22 show that (except for one Fe result) all results returned are within three standard deviations of the expected value of the standard. Control charts for the HG and MG standards suggest minor grade bias based on the small data set available; however, within acceptable limits.
- The March 2008 pulp re-submission results show reasonable precision.
- The September 2007 umpire analysis of re-submitted pulps shows reasonable precision for Genalysis, Ultra Trace and SGS; however, the results from ALS are less precise and show a slight bias in the higher grade V_2O_5 assays which is consistent with ALS calibration issues revealed by the standards data.

6.3.3 January 2009 resource model QAQC

For drilling campaigns 23 and 25, field duplicates were taken at the rig and sent for analysis with the original samples. Standards were sent in a drum to the SGS and Spectrolab laboratories with the instruction to insert one standard for every 25 drillhole samples into the sample stream.

There were eight standard reference materials sent with the samples for analysis; the same five that were used in the previous drilling campaigns, plus a new high-grade (HG_B), medium-grade (MG_B), low-grade (LG_B) standard. As per the previous standards, the new standards were prepared by Gannet Pty Ltd from bulk samples collected from the dumps at the old FVC pilot screening plant site at Barrambie. To determine the expected values of the standards, Reed submitted the standards in duplicate to four different laboratories (SGS, Ultra Trace, Genalysis, Spectrolab) for XRF analyses of the standard suite of elements. This provided 28 analyses for each of the three standards.

Snowden advised that the minimum number of assays recommended to “certify” a standard reference material is approximately 30 pulp assays, and that it would be prudent to have in the order of 40 pulp assays or more, as there is an expectation that some assays may be discarded during the process of determining the expected value. For the new standards HG_B, MG_B and LG_B, Reed supplied 28 pulp assays per standard. This is less than the recommended number of analyses and as such there is some uncertainty with respect to the calculated expected values of these standards.

Standards

Determination of expected values

Snowden reviewed the results supplied for the standards to determine their expected values. This involved the process of identifying and removing outliers before calculating the expected means and expected standard deviations for the standards.

Standard results

The standard results for drilling campaigns 23 and 25 were plotted on control charts to assess analytical accuracy and assay bias. There were 645 assay results in total for the eight standards, covering the period from 9 June 2008 to 26 November 2008.

In preparing the standard data for analysis, Snowden noted 68 cases where the same sample number for a standard occurs in different laboratory job numbers with slightly different assay results, either as duplicates or triplicates. This would not normally occur with pre-numbered pulps submitted as part of the sample stream, and the reason for it should be investigated. Snowden has not excluded these results from the analysis.

There are some standard assay results which appear to be incorrectly labelled. The incorrectly labelled results were excluded from the control chart analysis.

Over the period for drilling campaigns 23 and 25, standards HG_B, MG_B and MG_A had greater than 10% of assay values outside of three standard deviations from the expected values of the standards. This may in part be due to uncertainty with respect to the expected value due to insufficient analyses collected to “certify” the standards. However, the standard control charts indicate a problem for batches in November from all three of these standards, where the assays of the standards are consistently higher than the expected values. This is the case for all three of these standards, and the trend can also be seen in the LG_A and LG_B standards. It is recommended that, if possible, these batches should be re-assayed.

For standards HG_B, MG_B and MG_A, the difference in the mean of the results to the expected mean is +2.5%, +1.4% and +0.8%, respectively. When considering the results on a case-by-case basis, the difference compared with the expected value is always a positive bias and may be up to +8%. The number of primary samples in the affected jobs represents 29% of the total samples returned from the Spectrolab laboratory and 14% of the total samples from drilling campaigns 23 and 25, from both the Spectrolab and SGS laboratories.

It is also apparent that the mean of data for the high-grade standards (HG_A, MG_A, HG_B, MG_B) is generally higher than the expected mean for V_2O_5 , TiO_2 and Fe_2O_3 , and lower than the expected mean for SiO_2 and Al_2O_3 . Conversely, the mean of the data for the low-grade standards (BRI-407-1 and BRI-407-2) is generally lower than the expected mean for V_2O_5 , TiO_2 and Fe_2O_3 , and higher than the expected mean for SiO_2 and Al_2O_3 .

Field duplicates

Snowden reviewed the field duplicate data available for drilling campaigns 23 and 25, which consisted of 540 duplicates. Outliers are present in the field duplicate data; however, overall the field duplicates show an acceptable level of precision.

Laboratory pulp duplicates

Snowden reviewed the laboratory pulp duplicate data available for drilling campaigns 23 and 25, which consisted of 668 pulp duplicates. Minor outliers are present in the laboratory pulp duplicate data; however, overall the pulp duplicates show an acceptable level of precision.

Summary

Outcomes from the QAQC program for drilling campaigns 23 and 25 are:

- Field duplicates show reasonable precision indicating that sampling protocols at the drill rig were appropriate.
- Laboratory duplicates show an acceptable level of precision indicating that sample preparation at the laboratory was reasonable.
- There are 68 cases (147 individual assay results) where the same sample number for a standard occurs in different laboratory job numbers with slightly different assay results, either as duplicates or triplicates. Four of these cases are from the SGS laboratory; the remainder are from the Spectrolab laboratory. The reasoning for this is unclear.
- The “certification” of standards during this period is based on only 28 analyses per standard. Snowden calculated the expected values for the standards based on the 28 pulp assays; however, there are insufficient analyses for the certification process and some uncertainty with respect to the expected value and the expected standard deviation for these standards.
- Control charts for the standard results from drilling campaigns 23 and 25 show that for three standards, there are more than 10% of the assay results for V_2O_5 greater than three standard deviations from the expected value. It is possible that the expected value and the expected standard deviation for these standards may not be well enough known, or it could indicate a positive bias in the assaying for these batches, which could represent up to 8% difference in the V_2O_5 grade. Assay batches with standards returned that are greater than three standard deviations from the expected value should be considered for re-assay. The batches with standards that are outside three standard deviations from the expected value represent approximately 29% of the samples processed through the Spectrolab laboratory, and 14% of total samples in drilling campaigns 23 and 25.

Recommendations

- The instances cases of duplicated sample numbers for standards in different laboratory job numbers should be investigated. If possible, this should be corrected, and the reasons documented.
- Incorrectly labelled standards should be corrected in the database.
- Additional analyses (in the order of at least 10 per standard) of standards HG_B, MG_B and LG_B should be undertaken to determine the expected values more accurately.
- Assay batches with standards that are outside three standard deviations from the expected value should be reviewed and considered for re-assay.
- Snowden further recommends that for future drilling programs, QAQC assay data should be monitored by Neometals geologists concurrently with the drilling and assaying program. This would allow timely action to be taken on any suspect results.

6.3.4 December 2017 Mineral Resource model QAQC

No independent QAQC was conducted for the 20 metallurgical DD holes drilled in 2017 (drilling campaign 26). Intertek Genalysis conducted its own internal QAQC, with no issues reported. Snowden recommends that independent QAQC procedures should be implemented for all drilling campaigns.

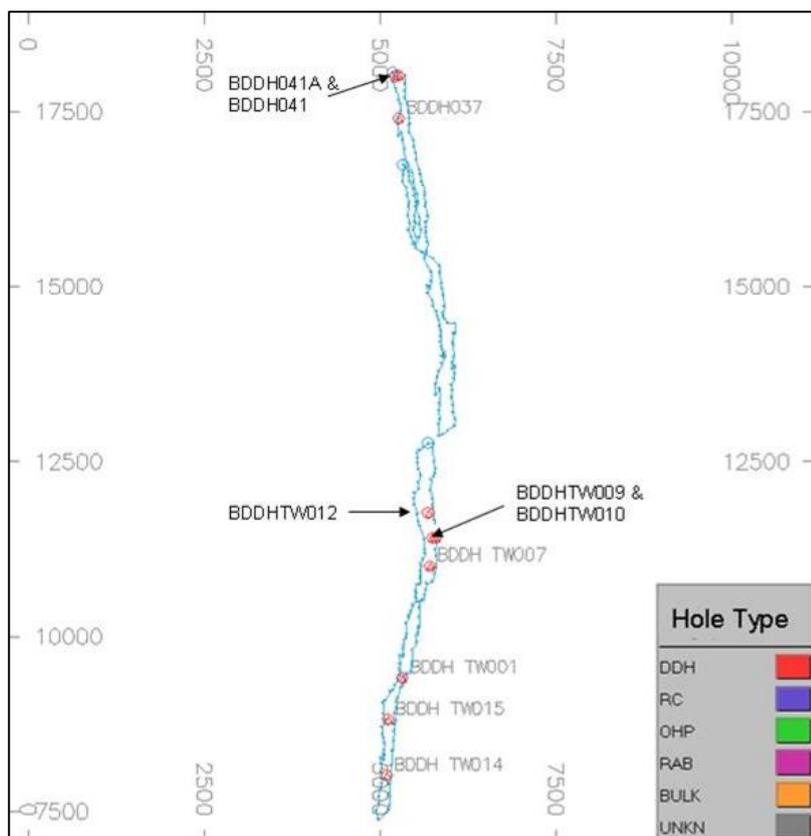
6.3.5 Diamond twins of RC drillholes

Drilling campaign 21 consisted of diamond drillholes sited to twin selected RC drillholes from campaigns 16 and 19. Seven diamond holes were drilled (BDDHTW001, BDDHTW007, BDDHTW009, BDDHTW010, BDDHTW012, BDDHTW014, and BDDHTW015). Snowden completed a visual comparison along with comparisons of intercept lengths and grades for these twinned holes.

Two of the diamond drillholes in drilling campaign 25 were sited to twin selected RC drillholes from the campaign 23 (BDDH041 and BDDH041A). Hole BDDH037 was positioned to twin BRC154 from drilling campaign 16; however, Reed advised the dip of the diamond drillhole lifted during drilling which limited the validity of the comparison. Snowden has corrected the dip of BDDH037 to -54° and completed a visual comparison of the twinned diamond holes drilled in campaign 25.

Figure 6.1 shows the location of the diamond drillholes sited to twin RC drillholes, with the approximate outline of the mineralisation.

Figure 6.1 Diamond twin drillholes collar location plan, as of 2019

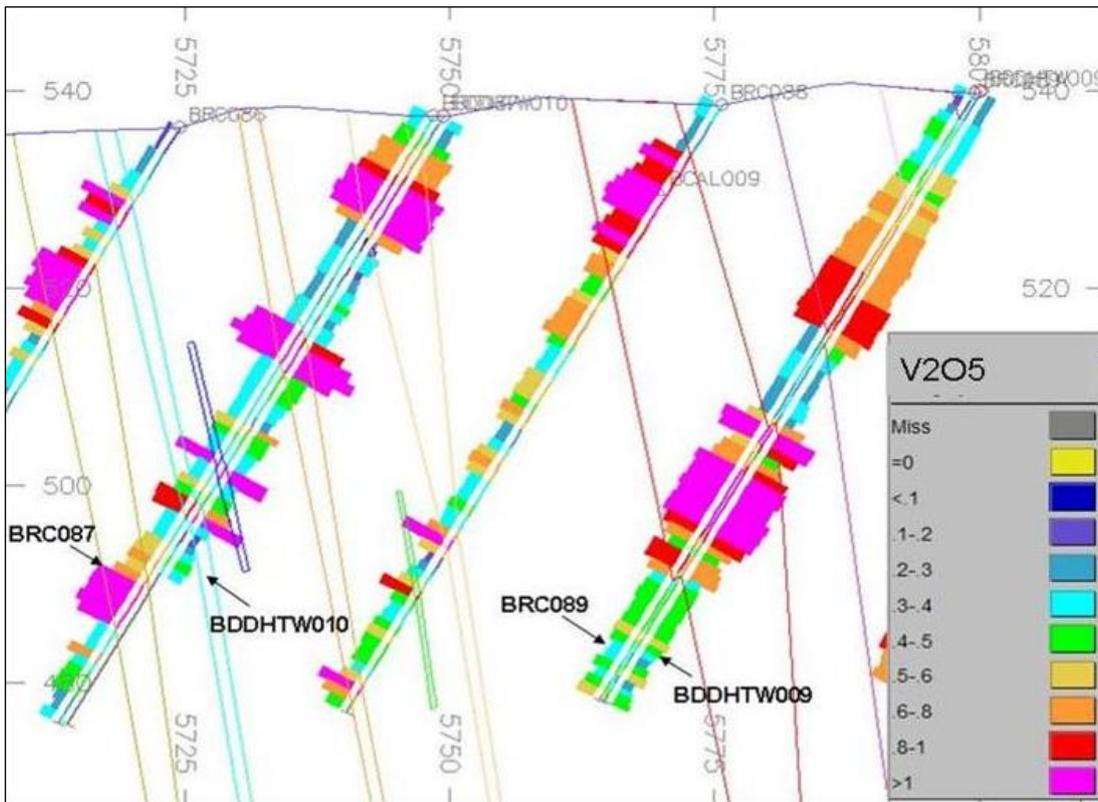


Source: Snowden, 2019

Visual comparison

Snowden visually compared the V_2O_5 and TiO_2 assays for the RC and diamond drillholes. For campaign 21, the diamond assays compared favourably with the related RC assays, indicating minimal downhole smearing of grades in the RC drillholes. Figure 6.2 shows the comparisons for V_2O_5 between select twinned drillholes from this campaign.

Figure 6.2 Section 11400mN BDDHTW009 and BRC089, BDDHTW010 and BRC087



Source: Snowden, 2019

For the twin diamond holes drilled in campaign 25, BDDH041 and BDDH041A show a reasonable comparison with the twinned RC holes. BDDH037 exhibits a poorer comparison; however, this is attributed to downhole divergence during drilling.

Comparison of intercept lengths and grades

For campaign 21 and the RC pairs, Snowden composited length weighted mean grades for diamond and RC assays over each mineralised intercept, as summarised in Table 6.1. The results show only minor differences in the drillhole intercept lengths and associated V₂O₅ and TiO₂ grades, indicating minimal downhole smearing in RC drillholes.

Table 6.1 Summary of length weighted mean grades for mineralised intercepts

Grade	DDH	RC	Ratio (DDH/RC)
V ₂ O ₅	0.80	0.81	0.99
TiO ₂	17.2	17.3	1.00
Fe ₂ O ₃	48.5	49.0	0.99
Al ₂ O ₃	11.0	10.7	1.03
SiO ₂	15.6	15.3	1.02
Total length	151.03	151	1.00

Source: Snowden, 2019

6.4 Magnetic susceptibility

Magnetic susceptibility data was provided by Neometals for the drilling data from campaign 16 and campaigns 18 to 25. There are 59,719 interval records in total; with readings taken every metre for RC drillholes, every 0.5 m for diamond drillholes, and every sample interval for the bulk sample drillholes. The units for magnetic susceptibility are SI x 10⁻⁵. There were 8,437 records where magnetic susceptibility was recorded as zero; Neometals advised that these readings were below the detection limit of the instrument.

During data validation, Snowden noted that magnetic susceptibility readings in twin diamond drillhole, BDDHTW014, appeared to be an order of magnitude different to the readings in the twinned RC drillhole. Neometals advised that the readings for the diamond drillhole were incorrect, and to disregard this hole in the magnetic susceptibility estimate.

6.5 Density

Historical density values are documented in the resource report by BFP (BFP, 2000) as being few and partially recorded. Values used by RMPC for a FS in 1973 were reported by BFP as imperial equivalents of 2.8 t/m³ for ore and 2.5 t/m³ for waste (BFP, 1999). The data report also mentions five samples that were taken by FVC in 1971, which were described as unweathered and produced results in the range of 3.00 t/m³ to 4.78 t/m³ (BFP, 1999). The historical densities used for previous studies are summarised in Table 6.2.

Table 6.2 Summary of historical density values

Year	Resource by	Density	Method	Details	Source
1971	Geotechnics	10.5 ft ³ /t (3.4 t/m ³)	Water displacement (Chemical Consultants)	Five samples of unweathered material from DDH3-4 and PDH21 and PDH40. Average of densities 3.40. Equivalent to 10.5 ft ³ /t.	BFP, 1999
1973	RMPC	12.8 ft ³ /t (mineralisation 2.80 t/m ³ , waste 2.50 t/m ³)	Unknown	Documented as calculated from selected sections of drill core. No records of lab, BHIDs, depths. Specific gravity is equivalent to 12.8 ft ³ /t.	BFP, 1999
1973	Pacminex	2.75–3.00 t/m ³	None	Pacminex opinion, no records of testwork.	BFP, 1999
1984	Holyex	Same as 1973 RMPC			BFP, 2000
1984	Control Data	Same as 1973 RMPC			BFP, 2000
1999	Snowden	2.55 t/m ³	None	Derived from the resource calculations and testwork at Windimurra.	BFP, 2000
2000	BFP	1.7 t/m ³ (average)	Downhole nuclear densometer (Rockwater)		BFP, 2000
2005	Ravensgate	1.87 t/m ³ oxide, 2.10 t/m ³ trans, 2.60–2.80 t/m ³ fresh	Use of BFP 2000 nuclear densometer data – exact method unknown	Regression-correlation of nuclear densometer and TiO ₂ and Fe ₂ O ₃ assays.	Ravensgate, 2005

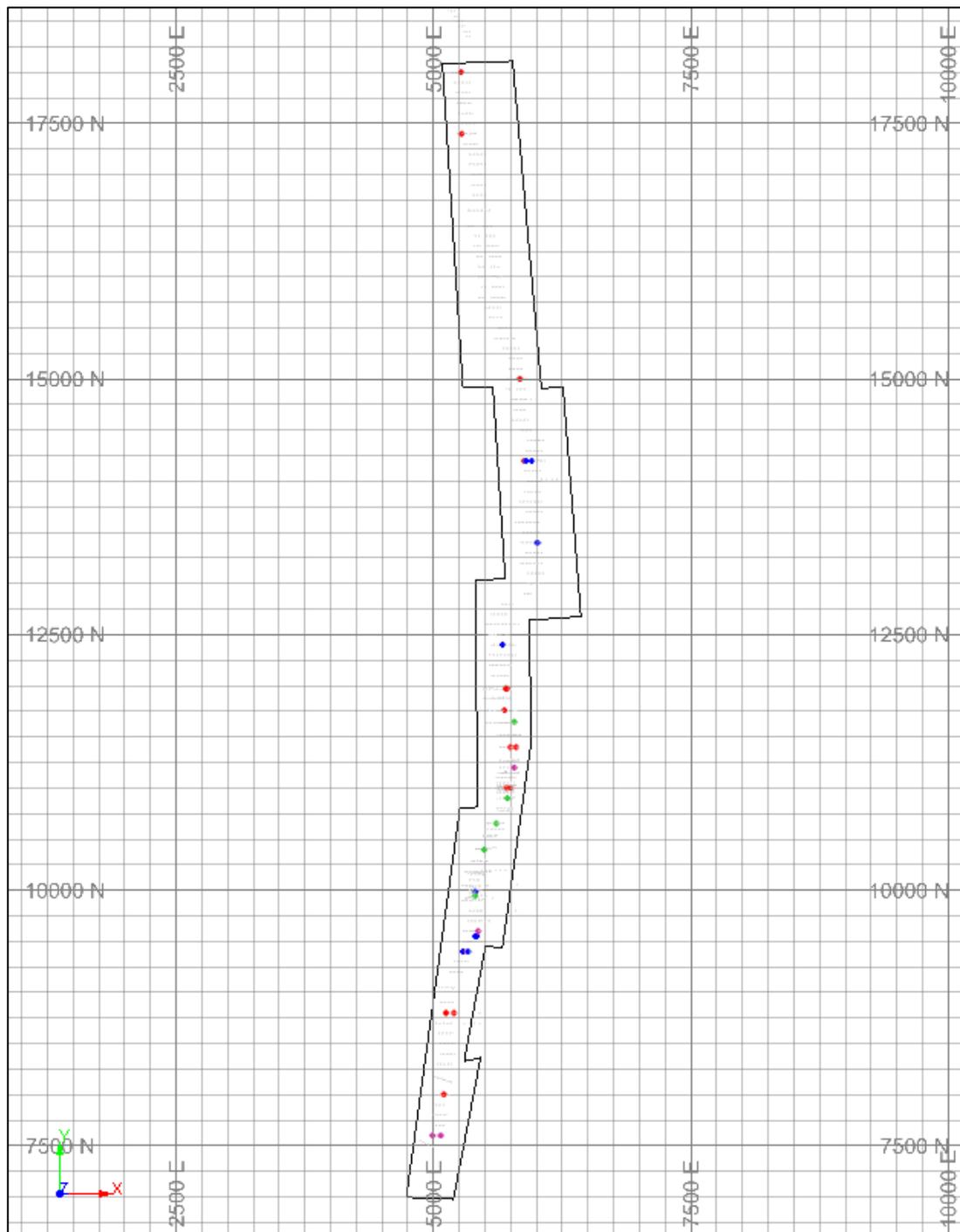
Source: Snowden, 2019

The more recent density data was supplied by Neometals from four sources:

- Downhole density measurements from diamond drillholes collected using a geophysical method in 1999 (documented in BFP, 2000)
- Densities calculated from Caldwell bulk samples (campaign 18)
- Density measurements from selected 10 cm pieces of diamond drill core (campaigns 20 and 21)
- Density measurements from selected pieces of diamond drill core (campaigns 20 and 21) for UCS measurements.

Drillholes with density measurements are shown in Figure 6.3.

Figure 6.3 Plan showing location of drillhole collars with density measurements



*Note: Blue – Caldwell bulk sample; green – downhole densometer; red – diamond core; magenta – UCS sample.
Source: Snowden, 2019*

6.5.1 Downhole density

The downhole density program was completed in 1999 by Rockwater for BFP using a nuclear densometer tool on diamond drillholes PMABRDDH007 to PMABRDDH012 (BFP, 2000). The drillholes extend from 9,945N to 11,976N (local grid).

The six diamond holes ranged from 60 m to 78.3 m in depth with density readings taken at 0.25 m intervals down the hole. BFP composited the density data to 1 m intervals for statistical analysis and estimation of density during the 2000 resource model update. The results were reported to be lower than expected, but not unreasonable given the highly weathered nature of the core (BFP, 2000). The mean of the density data was reported as 1.6 t/m³, with the overall density of the resource at 1.7 t/m³ (BFP, 2000).

Neometals supplied the downhole density data as a hard copy report and Snowden converted the data to a digital format and imported it into the resource database. Snowden assumes the downhole densities have been corrected for moisture content.

6.5.2 Bulk sample density

A bulk sample program was completed in 2007 by Reed using a Caldwell auger drill rig. The program consisted of 10 holes (BCAL001 to BCAL010) of approximately 1 m diameter. Hole locations range from 9,400N to 14,200N. Drillholes BCAL006, BCAL007 and BCAL010 are in the northern extension of the resource and had no assay data.

The bulk sample drillhole depths range from 0.5 m to 30.1 m (the maximum depth achievable for the drill rig), with samples taken at nominal 0.5 m intervals using the following procedures:

- After each sample was extracted in the bucket, the depth of the hole was recorded using a weighted tape measure to an accuracy of ± 0.1 m. The floor of the hole was flat but there may have been irregularities from time to time.
- The geology of each sample was logged.
- The material in the bucket was transferred to a bulka-bag using a hopper mounted on a traxcavator.
- Three trowel (i.e. grab) samples each of about 2 kg were taken from as deep as possible in each bag and composited to be sent off for analysis.
- The sample plus the bulka-bag was weighed on electronic cattle scales mounted on a truck. The scales had been previously levelled and tared out to include the weight of the bulka-bag. The accuracy of the scales for a weight range of 500 kg to 1,200 kg is approximately ± 2 kg.
- The diameter of the drilled holes was measured several times and checked against the measurement of the bucket auger diameter. The drillholes walls exhibited no caving. The diameter measurement adopted was 0.96 m.

The wet bulk densities were calculated using an assumed uniform advance of 0.5 m.

Reed geologists stated the primary source for error in these measurements to be the depth measurements, which with ± 0.1 m represents a possible 20% error in the volume. Material extracted was described as slightly damp although unable to be compacted into coherent lumps. The drill was limited to handling softer material to a maximum depth of 30 m. Reed supplied Caldwell bulk densities as in-situ (wet) densities with an average moisture content of 8.5%. Snowden combined the supplied spreadsheets for the bulk sample density data and imported it into the resource drillhole database. The density values were corrected to dry density values using the average moisture content of 8.5%.

6.5.3 Density from DDH samples

Reed supplied 86 measurements of density determined from selected 10 cm segments of diamond core from drilling campaigns 20 and 21. The density determination process is described in two memos from BSG to Snowden (BSG, 2008a; BSG, 2009a).

Density samples were selected from competent, mineralised sections of core and comprised:

- 29 strongly oxidised (SOX) samples dominated by kaolinite and hematite
- 51 weakly oxidised (WOX) samples dominated by martite with some magnetite and kaolinite
- 6 unoxidised samples including unmineralised leucogabbro and massive magnetite.

Measurements of density were carried out by Amdel Laboratories. The process used was to weigh the sample in air, coat the sample in wax and weigh the sample in water to calculate the bulk density. Moisture content data was not measured; however, assumed water contents were supplied as 6–7% for clay-rich (SOX) samples, 2–3% for martite and magnetite-rich samples (WOX) and less than 1% for unoxidised samples (BSG, 2008a; BSG, 2009a). Snowden imported the density data to Datamine for statistical analysis and to investigate predicting density via regression.

6.5.4 Density from DDH samples for UCS measurements

Neometals supplied 25 measurements of density determined from segments of diamond core from drilling campaigns 17, 20 and 21. The core was sent to Western Geotechnics Group for UCS testing. As part of these tests, dry bulk density was determined by the calliper method. The segments of core varied in length from 20 cm to 40 cm, with an average of 30 cm. Snowden imported this density data to Datamine for further analysis.

6.5.5 Density from DDH samples drilling campaign 25

As part of the drilling campaign 25, Neometals supplied density measurements from 10 cm segments of diamond core from four drillholes in the northern extension area. No assays were available for the core; therefore, these density measurements have not been included in the regression equations.

6.6 Competent Person's opinion

the majority of the drilling completed at Barrambie is RC, along with some minor diamond core drilling. Whilst the Competent Person did not observe the sampling processes, documented practices appear to be in line with standard industry practices. Twinned diamond core and RC holes show very similar grades and mineralised thicknesses and as such, there is no indication of any material difference between the two drilling methods. Whilst some errors are noted, QAQC results for the Barrambie drilling indicate that a reasonable precision was achieved for both field duplicates and pulp re-submissions, and assay results of standards for the main drilling programs show a reasonable overall analytical accuracy for V_2O_5 and TiO_2 . Furthermore, the Competent Person has no reason to suspect any issues relating to sample collection or sample security and believes that the data is suitable for use in resource estimation.

Snowden considers that the drillhole data within the Barrambie database is generally robust; however, no independent sampling or assaying to verify the tenor of the samples was conducted. Given the QAQC results and visual inspections of outcropping mineralisation, including in the excavations for the bulk samples, Snowden does not believe that independent sampling is required at this stage. In Snowden's opinion, the drillhole database for Barrambie is suitable for use to generate Mineral Resource estimates.

7 MINERAL RESOURCES

7.1 Introduction

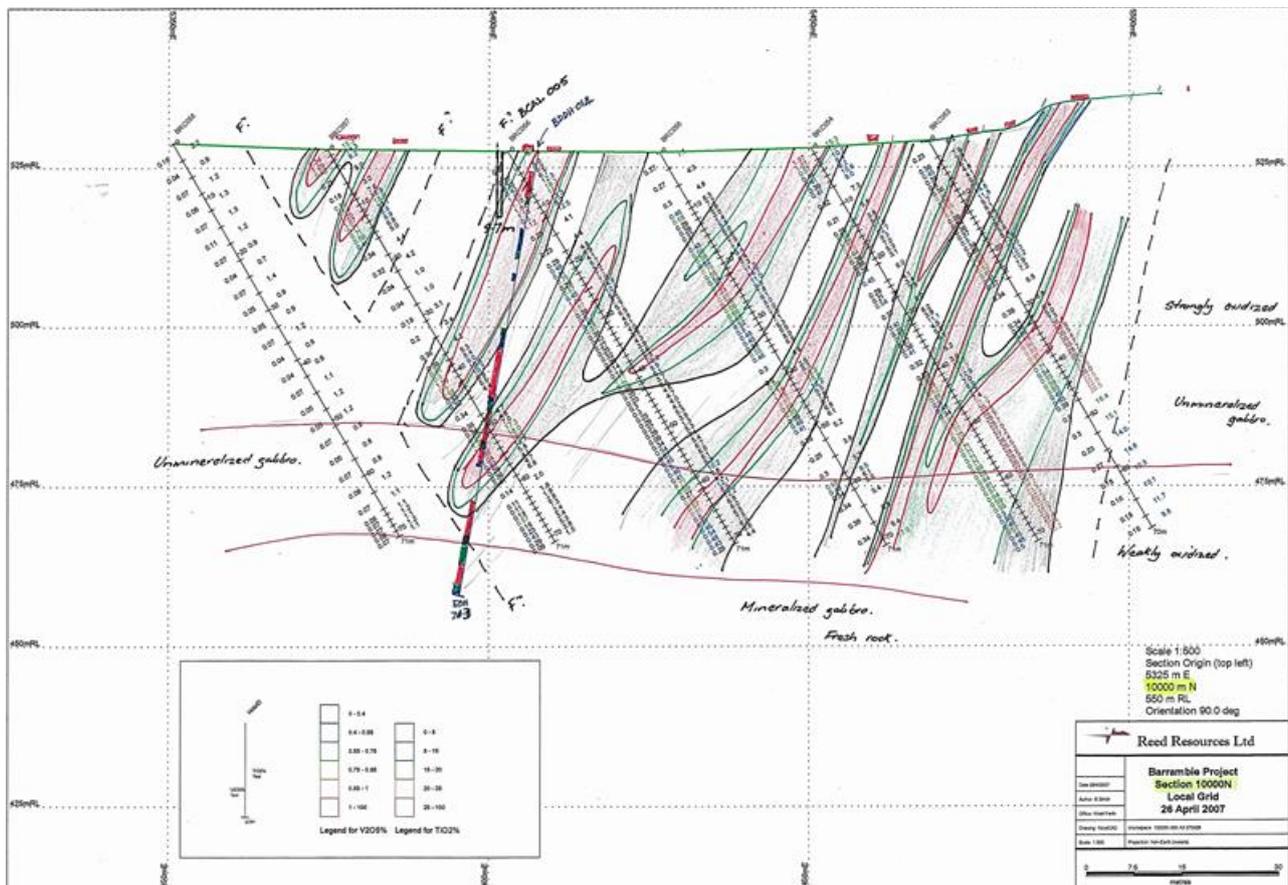
The April 2018 Mineral Resource estimate for the Barrambie deposit was prepared under the supervision of Mr J. Graindorge, who at that time was a full-time employee of Snowden. Mr Graindorge is a Competent Person as defined under the JORC Code. The Competent Person for this CPR endorses the Mineral Resource estimate as it is currently reported.

The Mineral Resource estimate includes all RC and diamond drilling data up to that time but excludes the 2019 metallurgical bulk sample RC drilling. Earlier RAB, OHP and Caldwell bulk sample drilling data were excluded due to data quality issues (RAB and OHP) and different sample support (Caldwell).

7.2 Geological and mineralisation interpretation

The cross-section based geological interpretations of mineralisation outlines were drawn at approximate grade cut-offs of 0.40–0.50% V_2O_5 (grey), 0.50–0.80% V_2O_5 (green), and greater than 0.80% V_2O_5 (red). On some sections, an outline for the mineralised package was also interpreted corresponding to an approximately a 0.10% V_2O_5 grade cut-off. The mineralisation cross sections also show the initial interpreted oxidation horizons used for the August 2007 resource model. These were superseded by the revised interpretation for oxidation based on magnetic susceptibility and CaO grades, used for the January 2009 resource model. Figure 7.1 shows an example of the supplied cross-section interpretations (on local grid).

Figure 7.1 Mineralisation cross-section interpretation 10,000N (local grid)



Source: Reed, 2007

Grade envelopes are typically steeply sub-vertical to both east and west directions; however, some moderate dips of 50–60° have also been interpreted. Dips of the magnetite bands are interpreted from a combination of ground magnetic profiles, surface geological mapping and cross-sectional continuity.

The cross-section interpretations were digitised into mineralisation envelopes by Snowden for the 2009 resource estimate. The wireframes were reviewed for the 2018 resource estimate and updated as required by the recent drilling.

The mineralised envelopes comprise a total of 333 individual wireframes which represent the Eastern Zone high-grade (EZHG), Eastern Zone low-grade (EZLG), Central Zone high-grade (CZHG) and a low-grade mineralised envelope (EZMIN and CZMIN).

The Eastern Zone was interpreted based on its associated high TiO₂ signature and a 0.3% V₂O₅ cut-off. A three-dimensional wireframe surface was constructed to divide the Eastern Zone into high and low-grade based on a V₂O₅ cut-off of approximately 0.6%.

Neometals interpreted fault offsets in the mineralised zones based on aeromagnetic data and geological mapping. Snowden digitised the fault strings in plan view based on the interpretations provided by Neometals. Each fault block was allocated a number from 1 to 27.

Faults were modified slightly to fit with the cross-sectional interpretations where appropriate and are assumed to be vertical where no other data is present.

The wireframe surfaces dividing the Eastern Zone high-grade and low-grade within fault blocks 5, 6, 15 and 16 were adjusted to account for the drillholes from 2017. It was not necessary to adjust any of the other wireframes.

The wireframe interpretations were used to apply the domain codes listed in Table 7.1 to the drillholes. Note that these are unchanged from the 2009 resource estimate.

Table 7.1 Domain codes

Domain field	Codes	Description
FLTBLK	110000–370000	Fault blocks 1 to 27 from south to north. 380000 is a Dyke
MINDOM	1–246 301–327 401–410 501–527 601–627 701–726 801–826 901–926	Central Zone high-grade lodes in fault blocks 1 to 27 (no. 239) Eastern Zone lodes in fault blocks 1 to 27 (no. 321, 325 or 327) Far Eastern Zone high-grade lodes Eastern Zone high/low-grade dividing surface in fault blocks 1 to 27 Central Zone low-grade mineralised envelope in fault blocks 1 to 27; 628 is a Dyke Eastern Zone high-grade in fault blocks 1 to 26 (no. 721, 725 or 727) Eastern Zone low-grade in fault blocks 1 to 26 (no. 821, 825 or 827) Eastern Zone low-grade mineralised envelope in fault blocks 1 to 26 (no. 921, 925 or 927)
OXID	1000 2000 3000	Strongly oxidised Weakly oxidised Fresh
GCODE	1 2 3 4 5 6 7	Eastern Zone high-grade, all fault blocks (EZHG) Eastern Zone low-grade, all fault blocks (EZLG) Central Zone high-grade all fault blocks (CZHG) Far Eastern Zone high-grade, all fault blocks (FEZHG) Central Zone low-grade mineralised envelope, all fault blocks (CZMIN) Eastern Zone low-grade mineralised envelope, all fault blocks (EZMIN) Dyke
DHC	FLTBLK + OXID + MINDOM	Used for compositing (refer to Section 7.3.1)

Source: Snowden, 2018

7.3 Statistical analysis

Statistical analysis of the drilling data indicated that the inclusion of the recent drillhole data had no material effect on the observations made for the 2009 resource estimate.

7.3.1 Sample length

Snowden reviewed histograms of the sample length within the grouped domains and for the entire database. The dominant sample length in all domains is 1 m. Three-metre lengths are present for up to 20% of low-grade domains 5 and 6 and 31% of the dyke domain. This reflects the policy of assaying 3 m composites and re-sampling intervals greater than 0.4% V_2O_5 .

Within all domains, the minimum sample length was 0.01 m and the maximum sample length was 9.30 m, both from diamond drillholes within the CZHG domain. The 9.30 m interval from BDDH014 was not sampled.

Sample compositing

The drillhole data was composited downhole prior to running the estimation process using a 1 m compositing interval to minimise sample bias due to sample length. Compositing was run within the domain field DHC to ensure no composites crossed domain boundaries. Uneven sample lengths within each of the domains was handled by the Datamine composite process and run using the variable sample length method. This adjusts the sample intervals where required to ensure all samples are included in the composite file (i.e. there are no residuals) while keeping the composite interval as close to the desired sample interval as possible.

7.3.2 De-clustering

The Barrambie drilling was conducted on a mostly regular grid of 25 mE x 100 mN or 25 mE x 150 mN over the 10.5 km strike length of the resource. There is one small area of closer spaced drilling over 100 m of strike drilled at centres of 25 m x 25 m (10950 mN to 11050 mN), and one 25 m area of strike drilled at centres of 12.5 m x 12.5 m (10975 mN to 11025 mN). Snowden does not consider clustering to be an issue in this case and de-clustering has not been undertaken.

7.3.3 Central Zone mean grades by lode

Due to the steep geometry of the Central Zone mineralisation and the many fault blocks, there are relatively few samples per individual lode if all lodes were to be estimated independently. As part of the March 2008 resource modelling, Snowden compared the mean grades of the southern Central Zone lodes to investigate the validity of:

- Combining the Central Zone lodes within the same fault block into one domain
- Combining the Central Zone lodes over the different fault blocks into one domain.

Analysis of the number of samples shows that most CZHG lodes contain fewer than 30 samples. Snowden considers that if the lode demonstrates similar statistical characteristics, it is reasonable to combine the data for the Central Zone lodes to increase sample support for variography and estimation. Fault block 11 presents the exception as it is within the area of close spaced drilling.

For most fault blocks, the V_2O_5 mean grade shows no increasing or decreasing trends from east to west, or between fault blocks (i.e. south to north). Fault block 11 shows a possible increase in the V_2O_5 grade from east to west, although the number of samples in the western CZHG lodes also decreases to less than 40 samples, which means the trend may not be significant.

The consistency of the V_2O_5 grades within the CZHG lodes (and Eastern Zone), both across strike and along strike, suggests consistent mineralogy for the Central Zone within fault blocks and between fault blocks (Reed, 2008a). A trend of increasing V_2O_5 grade towards the west may be present; however, limited supporting data makes this observation less reliable.

The CZHG lodes show a decrease in TiO_2 from east to west, and a slight increase in TiO_2 from south to north. The decrease in the TiO_2 grades across the CZHG lodes from east to west is a characteristic of the zonation observed in layered gabbro type deposits (Reed, 2008a).

The following points can be summarised from the review of CZHG mean grades.

- No significant trends could be identified in V_2O_5 mean grades by CZHG lode within fault blocks or between fault blocks
- TiO_2 decreases from east to west within fault blocks and shows a slight increase from south to north.

Based on this analysis of CZHG mean grades and number of samples, Snowden combined the CZHG lodes into one domain for the purposes of variography and estimation both within fault blocks and over all fault blocks. Neometals' geologists have suggested that the east to west trends may be due to 1 m sampling of lodes that are less than 1 m in width, as the lodes appear to decrease in width towards the west.

7.3.4 Summary statistics

All samples are 1 m composites. Domaining is informed by grade and geology to determine appropriate estimation and top cut values. This section presents the raw summary statistics grouped by domain code.

Vanadium pentoxide (V_2O_5)

Features of the V_2O_5 summary statistics applicable to all domains are:

- The distributions are all approximately normal and slightly positively skewed
- Low coefficients of variation (below 1) indicate outliers are unlikely to be an issue for estimation and top cuts are not necessary in most cases; however top cuts have been applied to the CZMIN domain.

The CZHG domain exhibits the highest mean grade of 0.91% V_2O_5 .

The 0.6% V_2O_5 lower mineralisation threshold applied for domain boundaries is apparent between the EZHG and the EZLG, as well as between the CZHG and the CZMIN. Domain boundaries otherwise appear to approximate the statistical populations. Domain 4, the far Eastern Zone high-grade, has too few samples to draw accurate conclusions.

Given the geochemical association between vanadium and magnetite (i.e. the vanadium is almost exclusively contained within magnetite), the use of a grade threshold is justifiable to define the geological boundaries. Investigation by Snowden in 2007 (Snowden, 2007b) indicated that the high-grade V_2O_5 envelopes often coincided with the logged occurrence of magnetite in the primary mineral logging field.

Titanium dioxide (TiO_2)

Domain 1 of the EZHG has the highest TiO_2 mean grade of 26.8% TiO_2 . The CZHG is characteristically higher in TiO_2 (12.8% TiO_2 mean grade) compared with the surrounding Central Zone mineralised envelope (4.9% TiO_2 mean grade).

Magnetic susceptibility

All domains are positively skewed and exhibit mixed distributions. Coefficients of variation are high (greater than 2) for all domains except the dyke. Further analysis of magnetic susceptibility by oxidation domain shows that the mixed populations can be partially separated if the weathering boundaries are used with the grouped domain codes.

Mean values are similar for the EZHG, EZLG and CZHG, while the CZMIN and EZMIN have lower mean magnetic susceptibility values than their respective high-grade zones due to the lower magnetite content.

Impact of oxidation on statistics

Snowden investigated the assay data within the grouped domains by oxidation state. The analysis showed that the V_2O_5 and TiO_2 grades show very little difference over the various oxidation zones. Fe_2O_3 showed a decrease with increasing oxidation, while Al_2O_3 and SiO_2 showed an increase. Neometals suggested that the vanadium may be moving from a close association with iron to an association with clay minerals in the SOX zone (Reed, 2008a).

In all domains, the most pronounced differences by oxidation state are observed in the CaO content and magnetic susceptibility, which are lowest in the oxide zone and highest in the fresh zone. The trend in the magnetic susceptibility is due to the oxidation of magnetite to martite and then to hematite (BSG, 2008e). The changes in the CaO grades over the oxidation domains is attributed to the oxidation of anorthite to kaolinite (BSG, 2008e).

Given the lower number of samples in the transitional and fresh domains, and the evidence for little change to the V_2O_5 and TiO_2 grades across the oxide, transitional and fresh zones, Snowden chose to combine the oxidation zones for estimation of V_2O_5 , TiO_2 , Fe_2O_3 , Al_2O_3 and SiO_2 . Gradational grade boundaries were thus applied for these attributes between the oxidation zones.

Hard boundaries were applied to the CaO and magnetic susceptibility estimates between the oxidation zones.

7.3.5 Top cuts

For all domains, TiO_2 , V_2O_5 , Fe_2O_3 , Al_2O_3 and SiO_2 show low coefficients of variation and are not particularly skewed, therefore high-grade outliers are not considered to be an issue for grade estimation and no top-cutting was required. The CZMIN domain displays a tail of high TiO_2 and V_2O_5 grades which appear to belong to minor discontinuous high-grade zones that have not been individually interpreted. Top cuts have been applied to this domain to minimise smearing of high grades during estimation.

7.4 Variography

For the 2009 resource estimate, the domains were combined into two groups for variography: Eastern Zone (EZHA, EALG, FEAHG, EZMIN) and Central Zone (CZHG, CZMIN). The boundary imposed between the high-grade and low-grade domains is a V_2O_5 grade cut-off, which approximately separates the high-grade from the low-grade populations. Combining the domains resulted in improved sample support and more robust variograms.

Snowden completed traditional variography on the composited data for V_2O_5 , TiO_2 , Fe_2O_3 , Al_2O_3 , SiO_2 , CaO, and magnetic susceptibility. Directions were chosen by viewing the horizontal, across strike and dip plane variogram fans, with reference to the geometry of the mineralised lodes. The directions of $0^\circ \rightarrow 000^\circ$ along strike, $-80^\circ \rightarrow 270^\circ$ down dip, and $10^\circ \rightarrow 270^\circ$ across the dip plane were interpreted for all attributes, and mineralised domains. The Dyke orientation was interpreted as $0^\circ \rightarrow 330^\circ$ along strike, $-90^\circ \rightarrow 000^\circ$ down dip, and $0^\circ \rightarrow 240^\circ$ across the dip plane. All directions relate to local grid.

Variograms were modelled using a spherical model with two or three nested structures with sills normalised to sum to a value of 1. Snowden attempted to maintain similar variograms for assays in domains showing strong correlations. The modelled variograms were then used for ordinary kriging estimation.

Variograms were produced for the combined Eastern Zone and the combined Central Zone. These parameters were then applied to the six original mineralised domains, with the nugget and sill values adjusted for those domains. There were insufficient samples available in the FEZHG domain, therefore the EZHG parameters were applied to this domain. The Dyke variogram was modelled as an omnidirectional variogram as the low number of samples in this domain could not support directional variography.

The inclusion of the recent drillhole data had no significant effect on the variograms generated for the 2009 resource estimate. As such, the same variogram parameters were applied to the 2018 Mineral Resource estimate. EZHG variogram parameters were used to estimate TiO_2 within the Eastern Zone, with the EZHG and EZLG data treated as a soft boundary.

Snowden completed kriging neighbourhood analysis (KNA) for block size optimisation as part of the March 2008 resource modelling work. Variogram parameters have not changed significantly following the 2009 and 2018 updates with additional drilling data; therefore, the analysis completed in March 2008 is still considered current and has not been repeated for subsequent resource models.

Variogram parameters for the Central Zone mineralised envelope were used for KNA. This type of analysis can be used to investigate the kriging efficiency and regression slope statistics for selected block sizes, sampling grids and kriging parameters, with a goal of determining either the optimal estimation block size for a given sample spacing or the optimal drill spacing to inform a particular block size.

7.4.1 Kriging efficiency and slope

The kriging efficiency and slope statistics are used to interrogate the likely level of conditional bias for a given set of estimation parameters. Conditional bias describes the degree of inappropriate smoothing occurring during estimation. A high value of conditional bias indicates a high degree of smoothing which reduces the likelihood of accurately reporting tonnes and grade above a cut-off grade.

The kriging efficiency statistic compares the kriging variance against the block variance. If the kriging variance is small, then the set of parameters and data configuration used to estimate grade is likely to produce an accurate estimate of grade. The converse also holds – if the kriging variance is large, there is a lower probability that the block estimate will be an accurate reflection of the local block grade.

The slope statistic describes the expected regression slope between the actual and the estimated block grades. If the slope statistic is close to one, then a theoretical one-to-one relationship is anticipated between the estimated grades (based on the parameters and the data configuration) and the actual mined grades (assuming the same block support). If the slope statistic is small, then the predicted grades do not accurately reflect the actual local block grades and over-smoothing of block grades is likely to be an issue. Both statistics provide an indication of how well the set of parameters and the data configuration can predict local block grades.

7.4.2 Block size results

Snowden completed KNA to determine an appropriate block size for the resource block model. The V_2O_5 variogram and data used for the analysis was from the Central Zone mineralised envelope domain as this region has the more challenging estimation conditions. The test was conducted on two block centroid locations, the first within the 100 m along strike drill spacing area at location (5,615 mE, 11,925 mN, 500 mRL) and the second within a close spaced drilling area at location (5,674 mE, 11,006.25 mN, 500 mRL).

The kriging efficiency is low for all block sizes tested and only reaches 40% at the largest block size of 25 mE x 100 mN x 5 mRL. The slope results are below 0.85 for most of the block sizes tested and the highest result is 0.91 for the largest block size tested. The poor results are due to the comparatively wide drill spacing in this area relative to the short-range structures represented in the variogram. Both the kriging efficiency and slope results begin to increase for a block size above 10 m x 40 m x 5 m. The kriging efficiency and slope results for the block tested in the close spaced drilling area ranges from 79% to 91% over the block sizes tested, with the block size of 10 mE x 40 mN x 5 mRL showing the highest kriging efficiency result of 92%. The slope results are above 0.92 for all block sizes tested and the highest result is 0.99 for the block size of 10 mE x 40 mN x 5 mRL. The improved results are due to the tighter drill spacing.

The kriging efficiency and slope results from the two block locations tested indicate that a block size of 10 mE x 40 mN x 5 mRL achieves a compromise between representing the lode geometries that are characteristic of the Barrambie deposit and the desire to minimise conditional bias during grade estimation. The elevation block size of 5 m is based on open pit mining requirements. The block size in the easting direction is (to some extent) limited by the actual width of the mineralised zones, although sub-celling was used to ensure domain volumes were honoured in the block model.

Limited improvement of kriging efficiency and slope statistics is achieved by increasing the block size in the northing direction (for an improvement up to only 40% kriging efficiency). Practical improvements in the block grade estimation quality can only be achieved by infill drilling as demonstrated by the conditional bias statistics obtained from the close spaced drilling area.

7.5 Block model

Snowden generated a block model in Datamine Studio 3 software (Datamine). The model parameters are listed in Table 7.2. The final model file "m1712.dm" attribute fields are shown in Table 7.3.

Table 7.2 Block model parameters

Parameter	X	Y	Z
Origin (local grid)	4,800E	7,105N	450 mRL
Extent	1,450 m	11,300 m	120 m
Parent block size	10 m	40 m	5 m
No. parent blocks	145	277.5	24
Minimum sub-cell size	0.25 m	10 m	1.25 m

Source: Snowden, 2018

Table 7.3 Model attribute fields (m1803.dm)

Variable	Values	Description
FLTBLK	110000–370000	Fault blocks 1 to 27 from south to north (380000 = Dyke)
OXID	1000	Strongly oxidised
	2000	Weakly oxidised
	3000	Fresh
MINDOM	1–246	Central Zone high-grade lodes in fault blocks 1 to 27
	301–326	Eastern Zone lodes in fault blocks 1 to 26 (no. 321, 325 or 327)
	401–410	Far Eastern Zone high-grade lodes
	501–527	Eastern Zone high/low-grade dividing surface in fault blocks 1 to 27
	601–627	Central Zone low-grade mineralised envelope in fault blocks 1 to 27 (628 = Dyke)
	701–727	Eastern Zone high-grade in fault blocks 1 to 26 (no. 721, 725 or 727)
	801–826	Eastern Zone low-grade in fault blocks 1 to 26 (no. 821, 825 or 827)
	901–926	Eastern Zone low-grade mineralised envelope in fault blocks 1 to 26 (no. 921, 925 or 927)
GCODE	1	Eastern Zone high-grade all fault blocks
	2	Eastern Zone low-grade all fault blocks
	3	Central Zone high-grade all fault blocks
	4	Far Eastern Zone high-grade all fault blocks
	5	Central Zone low-grade mineralised envelope all fault blocks
	6	Eastern Zone low-grade mineralised envelope all fault blocks
	7	Dyke
ZONE	1	Eastern Zone (high-grade, low-grade and mineralised envelope, all fault blocks)
	2	Central Zone (high-grade, low-grade and mineralised envelope, all fault blocks)
	3	Dyke
CLASS	2	Indicated
	3	Inferred
DENSITY		Applied by regression equations
V2O5		V ₂ O ₅ (%) estimated by ordinary kriging
TIO2		TiO ₂ (%) estimated by ordinary kriging
FE2O3		Fe ₂ O ₃ (%) estimated by ordinary kriging
AL2O3		Al ₂ O ₃ (%) estimated by ordinary kriging
SIO2		SiO ₂ (%) estimated by ordinary kriging
CAO		CaO (%) estimated by ordinary kriging
MAGSUS		Magnetic susceptibility estimated by ordinary kriging

Source: Snowden, 2018

7.5.1 Grade estimation

Snowden estimated V_2O_5 , TiO_2 , Fe_2O_3 , Al_2O_3 , SiO_2 , CaO and magnetic susceptibility using ordinary kriging (parent cell estimation) in Datamine. The boundary between the high and low-grade V_2O_5 within the Eastern Zone was treated as a soft boundary for the TiO_2 estimate. Soft boundary estimates for CaO and magnetic susceptibility were applied within the Dyke domain to account for limited sample data where domains were further split by oxidation. The orientation of the search ellipse was modified to suit the approximate local dip and strike of the lode wireframes in the separate fault blocks.

7.5.2 Density

Summary

Density values were applied for the mineralised domains in the block model using regression equations established for the 2009 resource using estimated Fe_2O_3 , SiO_2 and Al_2O_3 block grades. Blocks outside the fault block domains are assumed to be waste and have been given default density values equivalent to the average density of the blocks in the Central Zone mineralised envelope domain. The waste default density was set to the density for fresh non-mineralised gabbro (BSG, 2008a). A summary of the equations and default values applied is listed in Table 7.4.

Table 7.4 Density values applied to the block model

Domain	Oxidation	Density equation or density value (t/m ³)
Mineralised domains (GCODE≥1)	Oxide	$2.33 + 0.0206*Fe_2O_3 + 0.00798*SiO_2 - 0.0456*Al_2O_3$
	Transitional	$1.65 + 0.0403*Fe_2O_3 + 0.0498*SiO_2 - 0.108*Al_2O_3$
	Fresh	$2.6751*(exp(0.0069*Fe_2O_3))$
Waste domains (GCODE=0)	Oxide	1.96
	Transitional	2.02
	Fresh	3.10

Source: Snowden, 2018

Snowden considers that the in-situ dry density values determined from the diamond core to be the most representative with the least margin for error and bias, due to the following observations:

- Two separate laboratories and methodologies returned similar mean density values and regression relationships.
- A strong relationship between density and Fe_2O_3 , consistent with physical observations made from core and other hand specimens.
- Poor correlation between density and Fe_2O_3 assays for the downhole geophysical density data which contradicts physical observations and suggests that the downhole geophysical density data may be erroneous.
- Neometals estimated the Caldwell data to have a sample depth error of ± 0.1 m ($\pm 20\%$), resulting in difficulty of determining the volume of the sample.
- The Caldwell drill rig could not drill beyond 30 m or through harder material resulting in a potential bias towards softer materials with lower densities. This may explain the divergence of diamond and Caldwell oxide regression lines at higher Fe_2O_3 values.

Snowden investigated the relationship between V_2O_5 , TiO_2 , Fe , Al , Si and Ca assays, with the density values for the diamond drill core data. The element assays were converted to oxides of Fe_2O_3 , Al_2O_3 , SiO_2 and CaO for the analysis.

The analysis shows that density is best predicted from the Fe_2O_3 , SiO_2 and Al_2O_3 assays for oxide and transitional material. CaO was found to have no correlation with density. The following regression equations were derived for the oxide and transitional densities based on the Fe_2O_3 , SiO_2 and Al_2O_3 grades. In the fresh, there were too few samples for the multiple regressions to be reliable. Instead, the regression equation of Fe_2O_3 and density from the diamond drill core for UCS measurements was selected as the most appropriate to use for calculating the fresh density.

- Oxide density = $2.33 + 0.0206 \cdot \text{Fe}_2\text{O}_3 + 0.00798 \cdot \text{SiO}_2 - 0.0456 \cdot \text{Al}_2\text{O}_3$
- Transitional density = $1.65 + 0.0403 \cdot \text{Fe}_2\text{O}_3 + 0.0498 \cdot \text{SiO}_2 - 0.108 \cdot \text{Al}_2\text{O}_3$
- Fresh density = $2.6751 \cdot (\exp(0.0069 \cdot \text{Fe}_2\text{O}_3))$.

7.5.3 Model validation

The block grade estimates were validated using:

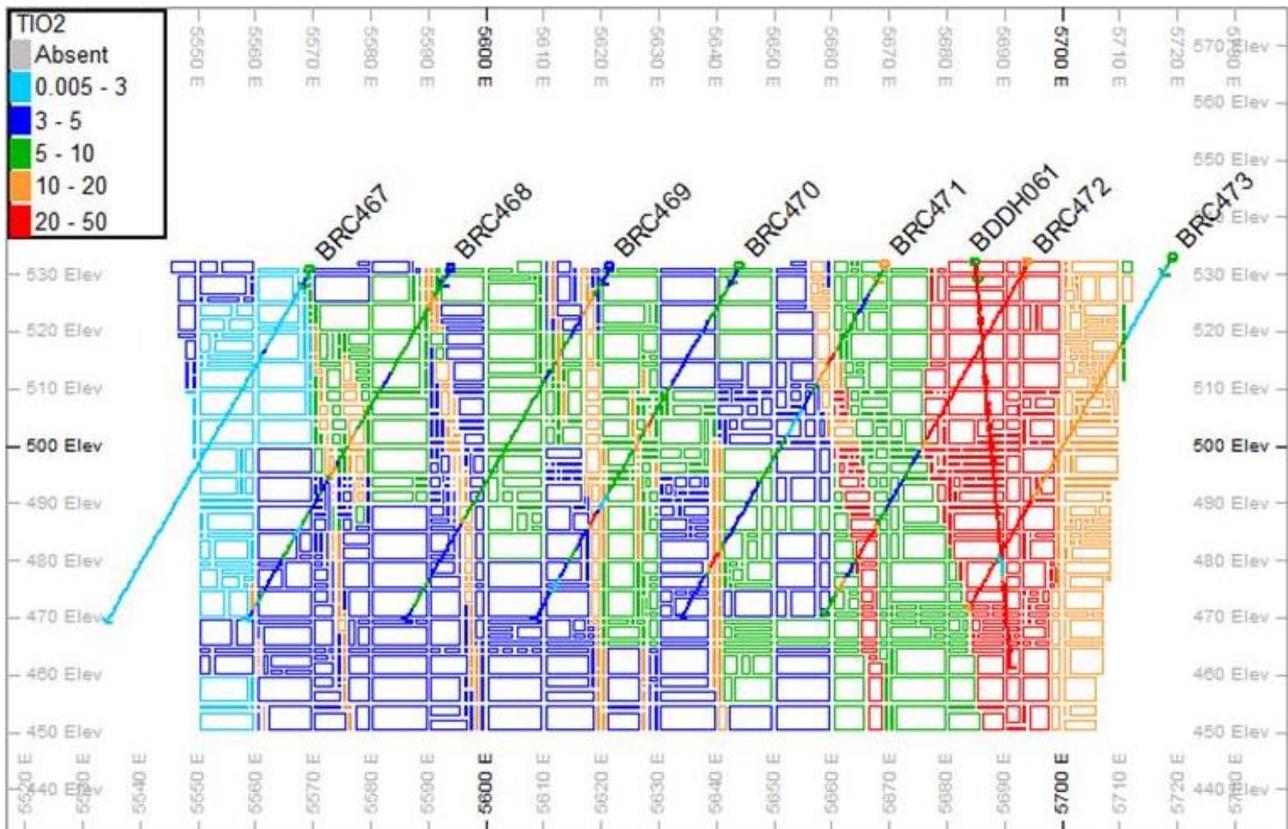
- A visual comparison of the block grade estimates to the input drillhole composite data
- Generation of moving window average plots of the block grade estimates and naïve composite grades, along with the number of composite samples available
- A global comparison of the estimated block grades to the average composite (naïve) grades.

The conclusions from the model validation work were:

- Visual comparison of the block grade estimates to input composite drillhole data demonstrates reasonable correlation; however, some evidence of high and low-grade smoothing within the low-grade mineralised envelopes is apparent, as illustrated by Figure 7.2 and Figure 7.3:
- Trend plots show a reasonable comparison of the block grades with the sample grades in the easting and northing directions. For elevation, the model and sample mean occasionally diverged and exhibited apparent smoothing due to the sub-vertical geometry of the lodes, paucity of drillhole intercepts in the vertical direction, and estimation using a search ellipse with a significant vertical range.

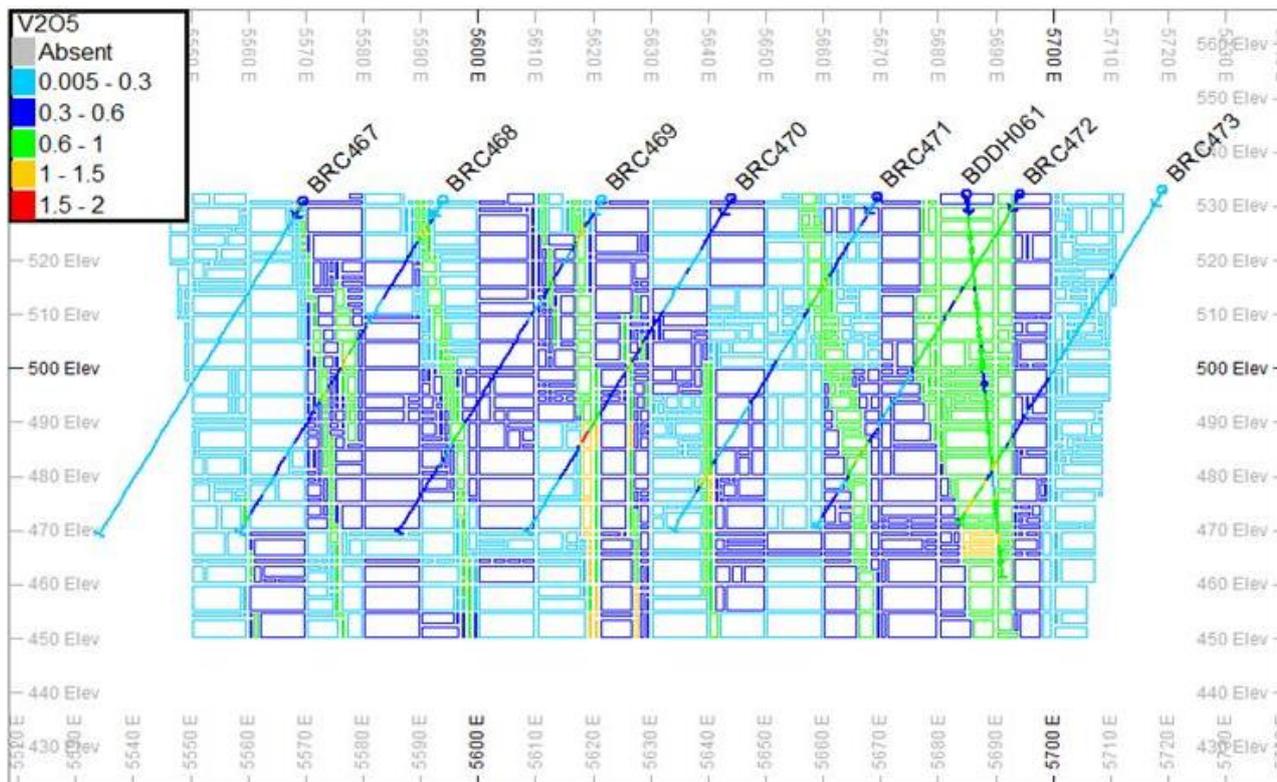
A global comparison was made of the estimated block grades to the average composite (naïve) grades for all elements within the mineralised domains. Comparison within all domains is good, with both sets of results returning within 8% for all grades except for Al_2O_3 which are within 13% (Table 7.5).

Figure 7.2 Cross section showing TiO_2 grades, 12,100N



Source: Snowden, 2018

Figure 7.3 Cross section showing V₂O₅ grades, 12100N



Source: Snowden, 2018

Table 7.5 Comparison of the estimated block grade to average composite grade

Domain	1 EZHG	2 EZLG	3 CZHG	4 EZHGF	5 CZMIN	6 EZMIN
% TiO₂						
Sample average	24.55	24.55	12.83	18.06	4.93	11.88
Block average	23.98	23.98	12.61	19.61	4.9	11.52
Difference (%)	-2%	-2%	-2%	8%	-1%	-3%
% V₂O₅						
Sample average	0.74	0.45	0.91	0.67	0.31	0.25
Block average	0.73	0.45	0.9	0.68	0.31	0.24
Difference (%)	-1%	0%	-1%	1%	0%	-4%
% Fe₂O₃						
Sample average	47.18	40.05	48.37	39.51	21.88	29.39
Block average	50.23	42.45	49.35	41	23.32	30.85
Difference (%)	-1%	6%	6%	2%	4%	6%
% Al₂O₃						
Sample average	8.24	12.13	13.08	14.18	23.8	17.35
Block average	7.61	10.94	12.62	12.6	22.71	15.65
Difference (%)	-8%	-11%	-4%	-13%	-5%	-11%
% SiO₂						
Sample average	11.73	19.74	17.22	17.89	36.06	30.18
Block average	11.35	18.77	16.93	16.86	35.61	30.48
Difference (%)	-3%	-5%	-2%	-6%	-1%	1%

Source: Snowden, 2018

7.6 Classification and reporting

The 2018 Mineral Resource estimate has been classified as a combination of Indicated and Inferred Resources. Snowden has used the JORC Code (2012) as an acceptable foreign code to classify the Barrambie Mineral Resource estimate.

Snowden's assessment of the relevant criteria (i.e. Sections 1, 2 and 3 of JORC Code Table 1) that were considered when classifying the April 2018 Barrambie Mineral Resource estimate in accordance with the JORC Code guidelines, as presented in Appendix A.

7.6.1 Mineral Resource classification

Snowden classified the Barrambie Mineral Resource as Indicated and Inferred for the five major elements estimated (V_2O_5 , TiO_2 , Fe_2O_3 , Al_2O_3 and SiO_2) based on geological confidence, data integrity, spatial continuity of mineralisation (variography) and estimation quality.

The current drill spacing at Barrambie is approximately 100–150 m along strike by 25 m across strike, with one 100 m area drilled at centres of 25 m x 25 m, and one 25 m area drilled at centres of 12.5 m x 12.5 m. For the 2009 resource estimate, the kriging variance was used to identify lower confidence areas of grade extrapolation around the 100 m x 25 m drilling. The solid wireframe constructed by Snowden for the previous estimate, based on a kriging variance threshold of approximately 0.50 as a guide to identifying Indicated Resources, was also used for the current Mineral Resource estimate. Areas outside the wireframe were classified as Inferred.

Mineralised zones have been extrapolated approximately 20 m beyond the base of drilling. These areas have been classified as Inferred. North of 8150N most drillholes end in completely oxidised material. In this area, the base of strong oxidation and the base of weak oxidation surfaces have been interpreted to be just below the base of drilling. Snowden has classified material below the base of drilling as Inferred.

7.6.2 Mineral Resource reporting

The TiO_2 and V_2O_5 mineralisation is associated with ilmenite-magnetite mineralogy (generally spatially integrated), either within magnetite-rich layers or as disseminated mineralisation within gabbro and/or anorthosite. As such, Snowden believes that reporting a Mineral Resource based on both TiO_2 and V_2O_5 is appropriate for Barrambie. Based on previous mining studies by Snowden, which assessed the TiO_2 potential of the Project, a cut-off grade of 10% TiO_2 is in Snowden's opinion appropriate for assessing the TiO_2 Mineral Resource. A cut-off grade of 0.2% V_2O_5 is believed to be appropriate for assessing the V_2O_5 Mineral Resource and is commensurate with other deposits. Based on this, the following cut-off grade criteria was established by Snowden for Barrambie:

- Greater or equal to 10% TiO_2 ; or
- Greater or equal to 0.2% V_2O_5 .

A block in the block model was selected for inclusion in the Mineral Resource if the TiO_2 is greater than or equal to 10% or the V_2O_5 is greater than or equal to 0.2%. Only one of the criteria must be met for a block to be selected for inclusion. Using this cut-off criteria, the total Barrambie Indicated Mineral Resource is estimated to be 187.1 Mt at 9.61% TiO_2 and 0.46% V_2O_5 , as detailed in Table 7.6. The Inferred Mineral Resource comprised a total of 93.0 Mt at 8.31% TiO_2 and 0.40% V_2O_5 . **The total Mineral Resources are 280.1 Mt at 9.18% TiO_2 and 0.44% V_2O_5 .**

Table 7.6 Barrambie Mineral Resource as of April 2018

Classification	Domain	Oxidation	Tonnes (Mt)	TiO ₂ (%)	V ₂ O ₅ (%)	Fe ₂ O ₃ (%)	
Indicated	Central	Strongly oxidised	112.6	6.71	0.44	27.9	
		Weakly oxidised	28.1	7.21	0.47	32.9	
		Fresh	6.8	6.47	0.40	30.5	
		Central – subtotal	147.5	6.80	0.45	29.0	
	Eastern	Strongly oxidised	26.4	19.68	0.50	39.6	
		Weakly oxidised	10.0	21.45	0.56	48.6	
		Fresh	3.2	19.14	0.47	47.1	
		Eastern – subtotal	39.6	20.09	0.51	42.5	
	INDICATED – TOTAL			187.1	9.61	0.46	31.8
	Inferred	Central	Strongly oxidised	16.0	5.32	0.39	24.9
Weakly oxidised			18.3	6.02	0.41	28.8	
Fresh			38.8	5.76	0.38	27.9	
Central – subtotal			73.1	5.73	0.39	27.5	
Eastern		Strongly oxidised	6.5	15.19	0.36	33.5	
		Weakly oxidised	5.1	18.80	0.47	43.0	
		Fresh	8.3	19.18	0.45	42.2	
		Eastern – subtotal	19.9	17.78	0.42	39.6	
INFERRED – TOTAL			93.0	8.31	0.40	30.1	

Note: Reporting criteria: ≥ 10% TiO₂ or ≥ 0.2% V₂O₅; small discrepancies may occur due to rounding.
Source: Snowden, 2018

The grade-tonnage reporting is tabulated in Table 7.7. A high-grade titanium subset of the total resource at a 14% TiO₂ cut-off contains **53.6 Mt at 21.17% TiO₂ and 0.63% V₂O₅**. A high-grade vanadium subset based on a 0.5% V₂O₅ cut-off contains **64.9 Mt at 0.82% V₂O₅ and 16.90% TiO₂**. The high-grade titanium and vanadium figures are a subset of the total Mineral Resource. These figures are not additive and are reporting the same block model volume but using different cut-off grades.

Table 7.7 Grade-tonnage reporting using TiO₂ cut-off grade

Resource	Cut-off (% TiO ₂)	Tonnes (Mt)	TiO ₂ (%)	V ₂ O ₅ (%)	Fe ₂ O ₃ (%)
Indicated Resource	0	199.9	9.23	0.44	31.0
	2	196.9	9.35	0.45	31.2
	4	169.0	10.36	0.48	33.3
	6	103.4	13.76	0.58	39.3
	8	75.1	16.41	0.65	44.0
	10	65.5	17.49	0.68	45.6
	12	51.8	19.20	0.67	46.6
	14	39.3	21.18	0.65	46.7
	16	30.9	22.89	0.62	46.5
	18	26.4	23.91	0.62	46.8
Inferred Resource	20	22.4	24.76	0.63	47.0
	0	105.8	7.71	0.37	28.6
	2	101.4	7.98	0.38	29.2
	4	76.8	9.49	0.43	32.4
	6	40.6	13.61	0.51	39.3
	8	30.9	15.76	0.56	42.5
	10	26.5	16.88	0.58	44.1
	12	19.8	18.86	0.59	45.3
	14	14.3	21.15	0.58	46.0
	16	11.1	22.97	0.58	46.7
18	9.7	23.81	0.59	47.2	

	20	8.0	24.80	0.60	47.5
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Source: Snowden, 2018

8 MINING

8.1 Introduction

Snowden completed a mining study for the Barrambie Project in 2009 (SKM, 2009). A further mining study was completed for the 2015 PFS (Sedgman, 2015). This study focused on the Eastern Zone of the deposit which has significantly higher in-situ titanium grades. A total of 14 independent pits were designed as stages for mining. Under this scheme, 11.1 Mt of titanium mineralisation averaging 25% TiO₂ and 30.5 Mt of waste were to be mined. The design process resulted in small parts of the Central Zone being included in the pit designs (2.9% of the total tonnage). The mining rate was 2.5 Mt/a with 550,000 t/a processed over a 21-year schedule.

The study was updated in the 2019 Barrambie Vanadium Project DFS to reflect the understanding of the Project at that time (Snowden, 2019). The mine plan called for a maximum mining rate of 15.3 Mt/a with ~3.18 Mt/a process throughput sourced mostly from Central Zone with some higher titanium grade feed from Eastern Zone late in the mine schedule.

The current development concept envisages the mining and beneficiating up to 2.4 Mt/a of high titanium grade sourced largely from Eastern Zone to produce up to 1.2 Mt/a of mixed titanium-vanadium-iron concentrate for downstream processing. While the 2019 vanadium focused DFS pit design, production rate and mining schedule are no longer applicable to the current Project, some of the mining studies are still relevant.

8.2 Mining studies

For the 2019 Barrambie Vanadium Project DFS, the proposed mining of the deposit was via open pit with conventional truck and excavator methods. This was deemed to be the most appropriate method for the location, geometry, geology, and scale of operations.

Massive sub-vertical lenses of weathered magnetite-martite-hematite are separated by kaolinite/clays in the SOX zone and fresh gabbro/dolerite in the WOX and fresh zones. A trial excavation in 2017 found the SOX material challenging to rip and hence blasting of all material was assumed to be required, although some hard free digging might be possible. All transitional or WOX materials would require blasting for excavation.

Open pit geotechnical investigations were largely completed from 2007 to 2008 and summarised in a 2009 geotechnical study (Snowden, 2009). The open pit geotechnical investigation program undertaken in 2007–2008 was split into three phases and contains geotechnical data obtained from seven HQ3 and 12 PQ3 diamond drillholes comprising 1,269 m of diamond drill core. Phase 1 consisted of resource evaluation drilling and metallurgical bulk sampling with geotechnical data collection. Phase 2 and Phase 3 consisted of geotechnical drilling programs designed to provide geotechnical data for the east and west walls of the potential open pits.

A deep weathering profile, 50–70 m below surface covers most of the deposit and consists primarily of kaolinite group clays produced from the in-situ weathering of primary mafic silicate minerals in the gabbro and the breakdown of iron-titanium oxide minerals (magnetite-ilmenite) to goethite and hematite. These silty clays to clayey silts would form the majority of the open pit slopes. Bedrock below the weathered zone at the location of open pit slopes consists of gabbro. Comparison of geotechnical domain statistics from the three geotechnical drilling phases completed for the DFS indicated that the engineering properties of the waste rock mass are similar for both the east and west walls of the optimised pit.

Groundwater in the vicinity of the likely open pit(s) typically occurs at a depth below surface of approximately 35 m. Pit walls will therefore be impacted by the natural groundwater table in the lower benches. Pit slope stability was assessed at batter and overall slope scales for pit walls up to 50 m high. Stability was assessed for both structurally controlled sliding on relic structures and toppling, and for rotational sliding through the weathered rock mass using both empirical methods and limit equilibrium modelling.

Based on the results of all stability assessments undertaken, recommended design parameters for the Barrambie pits applied to 50 m high pit slopes developed entirely within SOX materials are summarised in Table 8.1.

Table 8.1 Recommended pit slope design parameters for 50 m deep Barrambie pits

No. of bench	Batter angle (°)	Berm width at base of batter (m)	Batter height (m)	Slope height (m)	Overall slope angle crest to toe (°)
1	50	5	15	15	50.0
2	50	5	15	30	44.8
3	60	5	10	40	44.3
4	60	5	10	50	44.0

Source: Snowden, 2018

Design parameters for deeper parts of the pits with pit walls up to 80 m high, where the pits penetrate the WOX and fresh materials, are summarised in Table 8.2.

Table 8.2 Recommended pit slope design parameters for 80 m deep Barrambie pits

Batter angle (°)	Berm width at base of batter (m)	Batter height (m)	Inter-ramp slope angle (crest to crest, °)	Overall slope angle (crest to toe, °)
55	7	10	35.5	30

Source: Snowden, 2018

Pit designs were generated through a standard process of mining model creation, pit optimisation and design. Pit optimisations were completed in Whittle 4X software, an industry standard package. This software determines the economic limits of each deposit after accounting for estimated revenues and costs associated with mining each resource and waste block and the maximum allowable slope angles. Pit surfaces from the optimisation were used to design pits which were split into stages/phases.

Snowden considered that to fully optimise the pit slope designs, a review of the pit wall position in relation to the base of SOX material should be undertaken in the project pre-implementation stage. This may allow the lower portions of some pit walls to be steepened (Snowden, 2019).

8.3 Ore Reserves

There are currently no Ore Reserves declared for the Barrambie Project. The Ore Reserves reported from the 2019 DFS were based on a process flowsheet which is no longer applicable to the Project.

9 PROCESSING

9.1 Introduction

The Barrambie Mineral Resource has been metallurgically evaluated by several owners since 1968. The deposit was examined for its titanium, vanadium, and iron content by different metallurgical techniques. Neometals has examined several different technologies and processing options for the extraction of vanadium, iron, and titanium.

The 2015 Barrambie PFS envisaged a hydrometallurgical process with a beneficiation stage comprising wet magnetic separation followed by a chemical stage with acid dissolution of the magnetic concentrate to produce a high-grade TiO_2 precipitate product. The flowsheet was developed such that both iron and vanadium metals would also be extracted and converted to saleable oxide products comprising V_2O_5 and Fe_2O_3 (Sedgman, 2015).

The Barrambie Vanadium Project 2019 DFS focused on vanadium production from a titanium-vanadium-iron oxide concentrate. This considered the production of vanadium feedstocks, either pentoxide (V_2O_5) flake or ferro-vanadium (FeV_{80}) using the proven salt roast process (Snowden, 2019). The vanadium pentoxide processing route; however, did not consider titanium or iron. Neometals also investigated hydrometallurgical processing options to recover value from titanium and iron as well as vanadium, and demonstrated pilot-scale technical feasibility of the Neometals hydrometallurgical flowsheet to produce a high-purity titanium chemical at good recoveries (Neometals, 2019c).

More recent testwork aimed at developing a low capital start-up operation focused on simpler alternate flowsheets employing on onsite beneficiation to produce a “mixed” (titanium-vanadium-iron) gravity concentrate for direct sale. The mixed concentrate could be further processed via a reduction roast and subsequent magnetic separation to produce separate titanium-iron and iron-vanadium concentrates for direct sale.

9.2 Process design

9.2.1 Beneficiation

In the initial processing stage for all options, a concentrate of the titanium-vanadium-iron oxide mineral phases present in the deposit is required. Testwork to date has examined beneficiation of the mine feed utilising crushing and milling followed by one of, or a combination of, gravity and magnetic separation methods to produce this concentrate.

During the second half of 2019, considerable bench-scale work was performed on mineralised samples from the Barrambie Eastern Band (Eastern Zone) to enable both gravity (at AML) and magnetic (at ALS) beneficiation flowsheets to be developed to produce titanium-vanadium-iron oxide minerals concentrate. By March 2020, approximately 20 t of mineralised samples from the Eastern Band were beneficiated. The composites were made up from RC drill cuttings and some bulk mined material. They were designated 4T, 7T and 9T, respectively (based on the approximate tonnage in each composite).

The 7T sample was produced by blending material gathered from RC drilling samples (collected and transported in 34 drums) produced from 27 RC drillholes during the 2019 drilling campaign. This sample was blended from SOX and WOX Eastern Band mineralisation and was designed to represent concentrator feed over the first seven years of production.

Further RC drilling in late 2019 supplied additional material for the 4T composite. Samples were selected to focus on Eastern Band SOX and WOX mineralisation approaching the mine plan composition. The 9T sample was made up from 11 bags of excavated surface mineralisation collected in 2018 and used in the previous production of an Eastern Band concentrate (by Nagrom). The measured and back calculated composite grades are shown in Table 9.1.

Table 9.1 Bulk composite grades – Barrambie Eastern Band

Sample	Mass (kg)	Al ₂ O ₃ (%)	CaO (%)	Fe (%)	MgO (%)	MnO (%)	P ₂ O ₅ (%)	SiO ₂ (%)	TiO ₂ (%)	V ₂ O ₅ (%)
Calculated composite head samples										
4T	4,476	7.41	-	27.30	-	-	-	10.69	22.57	0.60
7T	6,696	9.15	-	31.93	-	-	-	12.54	26.75	0.71
9T	9,099	7.79	0.02	30.65	0.05	0.12	0.01	16.38	26.71	0.68
Total sample	20,271	8.16	-	30.33	-	-	-	13.86	25.81	0.67
Measured composite head samples*										
4T		8.47	0.11	33.00	0.43	0.22	0.025	12.60	26.70	0.65
7T		8.70	0.15	33.00	0.44	0.21	-	12.00	27.80	0.72
9T		7.68	0.02	31.00	0.05	0.11	0.01	16.50	25.90	0.70

*Assays on a subsample prepared during blending and splitting done by ALS.

Source: Neometals, 2020b

Approximately half of each composite was treated through either a gravity or a magnetic beneficiation circuit, primarily to compare the performance of the alternative approaches. The gravity flowsheet employed a coarse grind (<700 µm), two stages of desliming (cyclones) and a staged gravity spiral recovery circuit. The magnetic flowsheet employed a finer grind (<310 µm) and recovered magnetic and paramagnetic minerals with a sequential medium intensity magnetic separation and wet high intensity magnetic separation circuit (Neometals, 2020b).

Titanium recovery and concentrate grades were similar for both the gravity and magnetic circuits, although the gravity concentrate had slightly higher iron and titanium with markedly lower deleterious elements (aluminium, calcium, magnesium, phosphorous, and silicon).

The derived concentrate mass and grade for each composite is illustrated in Table 9.2. The concentrate sample name identifies the beneficiation process used, such that the 4TM concentrate was produced using the magnetic separation flowsheet on one split of the 4T composite, while the 4TG concentrate was produced through the gravity circuit. The same naming system applies to the 7T and 9T derived concentrates. The 9TMG concentrate was derived from gravity separation of the tails from the 9T magnetic separation to recover additional concentrate. Because of the poor quality of the 9TMG concentrate, it was set aside from further testwork.

Table 9.2 Barrambie Eastern Band concentrate grades after beneficiation

Sample	Mass (kg)	Analyte								
		Al ₂ O ₃ (%)	CaO (%)	Fe (%)	MgO (%)	MnO (%)	P ₂ O ₅ (%)	SiO ₂ (%)	TiO ₂ (%)	V ₂ O ₅ (%)
4TM Concentrate	1,441	2.67	0.13	39.47	0.16	0.27	0.01	4.16	33.79	0.80
4TG Concentrate	823	1.38	0.04	40.66	0.16	0.31	0.00	2.71	36.32	0.78
7TM Concentrate	1,899	2.52	0.06	39.81	0.25	0.28	0.02	3.52	34.68	0.79
7TG Concentrate	1,628	1.37	0.05	40.37	0.15	0.30	0.00	2.29	36.84	0.79
9TM Concentrate	2,306	2.58	0.02	38.57	0.03	0.15	0.01	4.89	34.76	0.86
9TG Concentrate	1,642	1.31	0.01	39.12	0.04	0.16	0.00	3.45	36.85	0.85
Nagrom Concentrate	1,700	2.81	0.66	35.40	0.37	0.34	0.00	4.80	38.10	0.82
Total concentrate	11,442	2.17	0.13	38.91	0.17	0.25	0.00	3.82	35.83	0.82
Reserve 9TMTG	297	1.88	0.01	41.70	0.02	0.13	0.00	6.06	29.7	0.96

Source: Neometals, 2020b

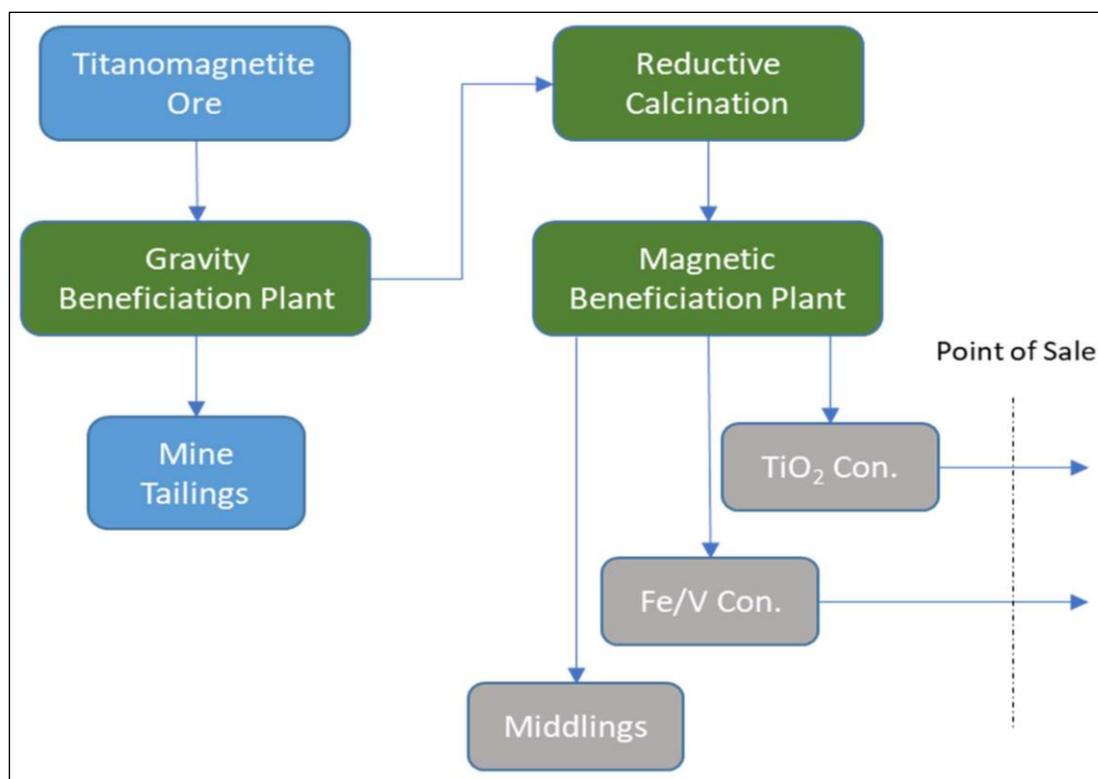
9.2.2 Reductive roast

Neometals bench scale

In December 2020, Neometals reported results from additional low-temperature reduction roasting and subsequent magnetic separation. This confirmatory testwork was performed at larger scale (22 kg) than previous reduction roast tests and used syngas as the reductant in a fluidised bed contactor for reductive calcination and magnetic separation processing stages. The mass pull and metal deportment to product concentrate streams was improved over earlier testwork outcomes and produced an “ilmenite” concentrate with >52% TiO₂ at >87% TiO₂ recovery and a mass yield of 60%. It also produced an iron-vanadium “magnetite” with grades equivalent to 58.7% Fe and 1.58% V₂O₅ (Neometals, 2020d).

The proposed process flowsheet is illustrated in Figure 9.1 and is currently one of the preferred options for Project development. The other option is to simply supply a gravity concentrate to customers for downstream processing.

Figure 9.1 Barrambie schematic flowsheet



Source: Neometals, 2020d

9.3 Offtake agreements

There are no current binding offtake agreements in place for the Project. In April 2021, Neometals entered into a MOU with leading Chinese titanium slag producer Jiuxing Titanium Materials (Liaoning) Co. Ltd, (“Jiuxing”). The MOU contemplates Neometals supplying a mixed gravity concentrate or separate ilmenite and iron vanadium concentrate from Barrambie to Jiuxing (Neometals, 2021). The MOU sets out Jiuxing’s desired specifications for both the mixed and individual concentrates.

The MOU allows Jiuxing to conduct large-scale testwork and negotiate a binding offtake agreement. There is no guarantee that any binding formal agreement will result from the cooperation under the MOU or that any binding formal agreement will reflect the key commercial terms set out in the MOU given that these arrangements are subject to the testing and evaluation work to be completed under the MOU.

10 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

10.1 Introduction

A series of studies were undertaken to assess the potential impact of the Barrambie Project on the various aspects of the environment. These included flora, fauna, groundwater investigations and air quality studies. The studies were originally undertaken between 2005 and 2010 to support planning, impact assessment and approval of the Project. They were reviewed as part of the 2019 DFS (Snowden, 2019). No material risk issues were identified

10.2 Environmental studies

10.2.1 Flora

Mattiske Consulting completed a series of flora and vegetation field surveys for the Project between 2005 and 2009. An updated desktop assessment of the flora and vegetation values on the Barrambie tenements was also conducted in 2018. No Threatened Ecological Communities, Priority Ecological Communities or threatened flora were recorded across the survey area. Four priority flora species were recorded within the survey area; however, their locations were outside the Barrambie Project disturbance area and will not be affected by construction or operational activities. Five weed species were recorded within the survey area; however, none of these are Declared Pest species.

10.2.2 Fauna

Outback Ecology Services (OES) carried out an assessment of fauna and fauna habitats over the area of the planned mine, plant site and infrastructure in 2007 and 2008. Mattiske Consulting undertook a desktop assessment to update the fauna values for the Barrambie Project in 2018. The desktop assessment indicated eight species of conservation significance have the potential to occur within the Project area; however, seven of these are unlikely to occur due to unsuitable habitat being present. It was noted that no species of conservation significance were identified during the field surveys.

Four stygofauna surveys (Phases I to IV) were conducted (January 2008, April 2008, November 2008, October 2009), with 15 sites (bores and pastoral wells) sampled during one or more of the phases, resulting in 41 samples collected. Results of the surveys suggest a broad representation of species (high species richness) and high counts of individuals (abundance), with most of the species collected having a known occurrence outside of the Barrambie bore field area (Snowden, 2019).

10.2.3 Soil and landforms

A baseline survey of surface soils in the Project area was conducted in September 2007 (Outback Ecology, 2007b) as part of the Public Environmental Review (PER). The survey area included an investigation of soil properties within the proposed mining area, processing plant, tailings area, airstrip, and accommodation camp.

Soil texture classifications ranged from clayey sands to medium heavy clays with little correlation to landform unit or depth within the soil profile. Gravel contents were variable but were higher at sites located on low hill/slope areas and within the proposed plant area. Soil structure was predominantly single grained with some weak aggregates in the surface horizon. Soil structural stability testing did not identify any highly dispersive soils. Root growth was commonly observed to be sparse and generally decreased rapidly with depth. Soil pH values were mostly moderate to strongly acidic, with some mildly alkaline samples found at sites lower within the landscape.

Nitrate levels were highest in the low hill/slope areas in both the upper 0–5 cm and lower 10–20 cm sample depths. Phosphorous levels ranged between 3 mg/kg and 19 mg/kg and were generally highest in the upper 0–5 cm depth interval. Potassium levels ranged between 42 mg/kg and 313 mg/kg. Sulphur levels were notably highest at one of the sites located within a minor drainage line in the vicinity of the mining area, with values of 547 mg/kg and 974 mg/kg of extractable sulphur, likely in the form of gypsum. All other sulphur contents fell below 119 mg/kg (Outback Ecology, 2007b).

Landloch (2018) completed erosion testwork and modelling on representative topsoils. The work program was undertaken to inform design of waste rock landforms for the full mining project. Landloch tested the erodibility of three representative soils from the likely footprint of the larger Project area and concluded that 20–40% competent rock needed to be incorporated into the rehabilitation surface to provide acceptable erosion rates on slope angles of 15–18°. The testwork and modelling confirmed that the soil from the western side of the deposit is more dispersive and erodible. Work completed to date indicates that the soil materials will support rehabilitation at slope angles of 15–18° with incorporation of significant proportions of competent rock material.

10.2.4 Hydrogeological

Hydrogeological investigations were performed to evaluate the sustainability of both water supply and water quality from the shallow calcrete aquifer in the Cogla Downs–Yarrabubba area aquifer located 30 km northwest of the Mining Lease. Groundwater modelling was completed based on water supply requirements of approximately 2.5 ML/a (6,850 kL/day). Modelling predicts that this supply can be met from a bore field comprising seven to 10 production bores (each pumping at 7–12 L/sec) installed within the calcrete aquifer and sustainable for a minimum 12-year duration.

10.2.5 Materials characterisation

Material characterisation has been conducted to determine the acid producing potential of mineralisation and waste rock produced during operation of the Project as part of the PER. Mineralisation at Barrambie comprises the oxide zone where magnetite is oxidised to hematite (martite) and the deeper, unweathered primary zone containing unweathered magnetite. Waste rock is anorthosite, gabbro and dolerite containing disseminated magnetite.

There is no sulphur (S) present as sulphides in the oxide zone, which comprises the majority of the resource and is the type of material which the metallurgical processes have been designed to treat. Total sulphur levels in the oxide zone are generally in the range of 0.005% to 0.07% S with higher values in the surface 2–3 m in the range of 1% to 3% S due to the presence of sulphates, typically in the form of gypsum. XRF analysis of the weakly or highly oxidised material which occurs at or near the surface confirmed that there are no sulphides present and elevated sulphur levels are due to the presence of gypsum (Snowden, 2019).

The net acidity of a range of materials to be mined was determined using the “suspension peroxide oxidation combined acidity and sulphate” (SPOCAS) method. SPOCAS test results indicated that the acid producing potential of the material likely to be mined within the weak to moderately oxidised zones of the Barrambie deposit was significantly below the Action Criteria as set out in the Department of Environment and Conservation (DER) Guidelines for the “identification of acid sulphate soils and acidic landscapes” (Snowden, 2019).

Tailings characterisation work was completed by SKM (2010) in support of the PER. SKM analysed typical beneficiated tailings samples representing the SOX and WOX mineralisation. Tailings were extracted from the FS metallurgical testwork samples and were demonstrated to be typical of the forecasted beneficiated tailings. The two samples were subject to an aggressive leaching process that simulates potential mine waste conditions at an independent laboratory. The results of the leach liquor produced indicated that, when compared to drinking and general use water standards, the levels of soluble metal and metalloid elements are low. SKM concluded that the beneficiated tailings leach liquor is unlikely to represent a risk to the environment.

10.3 Native Title and Aboriginal Heritage Act

A Native Title Deed was signed in July 2008 between the Yugunga-Nya Native Title Claimants and Neometals covering mining tenements associated with the Barrambie Project.

Extensive ethnographic and archaeological surveys were conducted by an independent consultant covering the Mineral Resource area and additional areas of the Project including the proposed bore field on Yarrabubba Station. A search of the Department of Indigenous Affairs (DIA) heritage register was also undertaken against all tenements of the Project area in December 2018. The search revealed that there are no registered ethnographic or archaeological heritage sites within the planned footprint area.

As an outcome of the archaeological assessments undertaken, it was concluded that there are few environments within the Project area where artefact material is likely to occur, and no significant artefacts were identified. A site known as One Tree Hill within M57/173 immediately east of the Mineral Resource was identified in Gleason (2009). It was recommended to be avoided, if possible, with a “buffer zone” envisaged.

There are significant Aboriginal ethnographic heritage sites along the ridge line of hills in the southeast sector of E57/769. No disturbance is planned for this area.

10.4 Permitting

The Barrambie mine is approved under Part IV of the *Environmental Protection Act 1986* (EP Act) in WA, under Ministerial Statement (MS) 911. This is the highest level of authority required to implement a mining project and includes high-level approvals to develop a 3.2 Mt/a fully integrated mine, concentrator, chemical processing facility, airstrip, accommodation camp and other ancillary infrastructure. In November 2019, Neometals received approval for MS 1119, a five-year extension to MS 911. Neometals has not yet commenced works under Part IV of the EP Act and may require a further extension of timeframe under Section 46 if substantial implementation has not commenced before October 2022.

Neometals has approval under the Mining Act for a ~1 Mt/a mining, crushing, and screening operation (Reg ID 77751) that would support commencement of operations. This is partnered by a Works Approval under Part V of the EP Act for a crushing and screening plant.

Detailed planning has been completed for a further water drilling program to support bore field development for the water supply. Water extraction will be subject to a Groundwater Extraction Licence under Section 5C of the *Rights in Water and Irrigation Act* (1914).

WA environmental approvals processes require proponents to provide evidence of community consultation in addition to the tenure requirements for agreements with Native Title holders and payment of compensation (where required) for use of the land.

Recent exploration drilling and bulk sampling has been carried out under a Program of Works approval through the Department of Mines, Industry Regulation and Safety (DMIRS) (Reg IDs 98282, 95717, 77734).

10.5 Community impact

The Project is in a relatively lightly populated region of WA. Development and commencement of mining would have a significant positive impact on employment and training opportunities for residents of the local shires and communities. Neometals continues to consult with stakeholders in the community, which is not limited to but includes pastoralists, Native Title groups, shires and neighbouring exploration and mining companies on its planned development of the Barrambie Project.

11 PROPOSED PROGRAMS AND BUDGETS

11.1 Programs

Neometals' planned development program initially involves bulk sampling and metallurgical testwork to confirm the process route and products for customer evaluation. Neometals has recently completed a group of costeans for a bulk sample from Barrambie East Band with a view to beneficiate and deliver approximately 100 t of mixed concentrate to Jiuxing for commercial-scale batch smelting to its titanium smelter during the March 2022 quarter. Separately, Neometals will downstream-process mixed concentrates to produce separate ilmenite and iron-vanadium concentrates to advance potential customer relationships for the balance of the planned production.

Following satisfactory completion of Jiuxing's testing and technical due diligence, the existing MOU with Jiuxing contemplates the parties negotiating and entering into a binding formal offtake agreement for the supply of 800,000 dmt/a of mixed gravity concentrate or 500,000 dmt/a of ilmenite and 275,000 dmt/a of iron-vanadium concentrate on a take-or-pay basis for a period of five years from first production.

In conjunction with this, additional work will advance the Project to completion of preliminary technical and economic studies such that an Ore Reserves can be declared. This includes a review of the Mineral Resources, engineering, geotechnical, tailings, hydrogeology, water supply, environmental, community, heritage, and waste rock characterisation.

Exploration drilling outside of the existing Mineral Resources has been planned both to extend the current resource outlines along strike and to investigate potential for additional Mineral Resources within the greater tenement package.

11.2 Budgets

The planned budget for the first two years following admission has been provided by Neometals (Table 11.1). Approximately \$1.96 million has been allocated to drilling for resource development, exploration, hydrogeology and bore fields. Significant allocations for metallurgical testwork, research, and product development (\$1.23 million) and technical-economic studies (~\$1.13 million) are also included. Together, these comprise approximately 47% of the budget.

Table 11.1 Barrambie Project planned two-year budget

Activities	Year 1	Year 2	TOTAL
Metallurgical testwork (Ilmenite route: bulk sample collection and processing testwork, customer product evaluation, value added product development)	1,170,000	60,000	1,230,000
Mineral Resource and development drilling; Mineral Resource/ Ore Reserve update	460,000	280,000	740,000
Geotechnical drilling (pit and TSF)	70,000	110,000	180,000
Hydrogeology and hydrology (drilling, pump testing, monitoring, heritage)	940,000	24,000	964,000
Engineering consultancies – feasibility studies	826,000	300,000	1,126,000
Staffing	1,334,700	1,402,200	2,736,900
General (legal, warehousing, marketing, GIS)	275,036	209,036	484,072
Tenements (rents, rates, management, applications)	219,631	193,631	413,262
Permitting (environmental, heritage, waste rock studies, DMIRS, DWER, stakeholder consultation)	323,000	260,000	583,000
Exploration drilling and sampling	350,000	300,000	650,000
TOTAL	\$5,968,367	\$3,138,867	\$9,107,234

Source: Neometals, 2021

12 INTERPRETATION AND CONCLUSIONS

12.1 Interpretation

The Barrambie Project includes a significant deposit of titanium-vanadium-iron mineralisation which has been investigated in detail over a number of years and for which Mineral Resources have been reported. The principal activities to date have been on establishing the Mineral Resources and developing a process flowsheet to deliver saleable products to enable the Project to be developed.

12.2 Conclusions

Neometals, through Australian Titanium, holds secure tenure over the Barrambie deposit with no apparent legal, community or environmental impediments to development. The Project occurs in the mining friendly jurisdiction of WA in a region of good access and reasonable infrastructure.

The Barrambie titanium-vanadium-iron mineralisation occurs as cumulate aggregations of vanadiferous titanomagnetite (martite-ilmenite-leucoxene) in massive bands and disseminated lenses within a layered anorthositic gabbro complex. This deposit type is well represented, well understood geologically, and has been mined and processed in significant comparable operations in several countries including in Canada and China.

At Barrambie, Indicated and Inferred Mineral Resources totalling 280.1 Mt at 9.18% TiO₂ and 0.44% V₂O₅ have been established through several resource definition drilling programs. The Competent Person considers that the resource estimation has been carried out in compliance with accepted reporting codes (in this case the JORC Code, 2012) and provides a sound basis on which Ore Reserves may be established following completion of appropriate technical-economic studies. Significant potential exists to expand these resources through additional exploration and extensional drilling.

The mineralisation occurs as steeply dipping bodies exposed at surface or beneath thin surficial cover and is ideally suited to conventional drill, blast, and load open pit mining. Several initial mining studies which included geotechnical and hydrological investigations have been completed. No issues have been identified which might impede mining.

The Barrambie Mineral Resource has been metallurgically evaluated for extraction of its titanium, vanadium, and iron content by different metallurgical techniques. The most recent testwork has demonstrated that a simple flowsheet utilising onsite gravity and magnetic beneficiation can produce a mixed concentrate containing titanium-vanadium-iron oxide minerals with good recoveries for direct sale. This route can facilitate a low capital start-up operation. Further beneficiation based on reduction roasting and additional magnetic separation can be employed to produce separate iron-titanium and iron-vanadium concentrates for sale. Existing agreements to investigate downstream product options and product quality are in place and offtake discussions with Chinese partners are ongoing.

Snowden has examined the detailed budgets proposed and considers them to be appropriate to support the planned work programs and commensurate with Neometals' Project development plans. Snowden notes that these are significant budgets and work programs which have been adequately resourced with an appropriate staffing allocation.

12.3 Recommendations

Snowden supports the completion of appropriate technical-economic studies to allow the reporting of Ore Reserves and demonstrate the economic viability of the Project.

The high-grade Eastern Zone should be the focus of infill drilling to improve the Mineral Resource classification such that a significant proportion can be classified as Measured and Indicated. Similarly, the higher-grade zones, likely to be the focus of initial mining, require greater definition through the development of a grade control system so that a high confidence mine production schedule can be developed.

Extensional drilling is warranted since there is a good opportunity to significantly increase the size of the Mineral Resource, particularly once customer acceptance of the product is established. Similarly, there is considerable exploration potential in the Exploration Licences outside of the main Mining Lease (M57/173) and it is considered likely that additional Mineral Resources could be defined through additional exploration drilling.

13 ABBREVIATIONS AND UNITS OF MEASUREMENT

13.1 Abbreviations

Abbreviation	Description
AIG	Australian Institute of Geoscientists
AIM	Alternative Investment Market
Al ₂ O ₃	aluminium oxide
ALS	Australian Laboratory Services
AML	Allied Mineral Laboratories, Perth Western Australia
ASX	Australian Securities Exchange
ASIC	Australian Securities and Investments Commission
Australian Titanium	Australian Titanium Pty Ltd
BFP	Barrett Fuller Partners
CaO	calcium oxide
CNFM	China Nonferrous Metal Industry
CPR	Competent Person's Report
DDH	diamond drilling, diamond drillhole
DER	Department of Environment and Conservation
DFS	definitive feasibility study
DIA	Department of Indigenous Affairs
DMIRS	Department of Mines, Industry Regulation and Safety
DSO	direct shipping ore
EP Act	Environmental Protection Act 1986
EPA	Environmental Protection Authority
EPC	engineering, procurement and construction
Fe	iron
Fe ₂ O ₃	iron oxide (haematite)
FeV	ferro-vanadium
FS	feasibility study
FVC	Ferro-vanadium Corporation NL
GAR	Great Australian Resources Ltd
GDA	Geocentric Datum of Australia
GIPL	Greenstone Investments Pty Ltd
HG	high grade
IMUMR	Institute of Multipurpose Utilization of Mineral Resources
Jiuxing	Jiuxing Titanium Materials (Liaoning) Co. Ltd
KNA	kriging neighbourhood analysis
LG	low grade
LOI	loss of ignition
MG	medium grade
MgO	magnesium oxide
MMTS	McMahon Mining Title Services (Pty) Ltd
MnO	manganese oxide
MOU	memorandum of understanding
MRF	mining rehabilitation fund
MS	Ministerial Statement
Neometals	Neometals Limited
OES	Outback Ecology Services
OHP	open-hole percussion
P ₂ O ₅	phosphorous pentoxide

Abbreviation	Description
PER	Public Environmental Review
PFS	prefeasibility study
PMA	Precious Metals Australia
QAQC	quality assurance and quality control
RAB	rotary air blast
RC	reverse circulation
Reed	Reed Resources Ltd
RMPC	Ralph M. Parsons Company
S	sulphur
Sedgman	Sedgman Ltd
SiO ₂	silica
SOX	strongly oxidised
SPOCAS	suspension peroxide oxidation combined acidity and sulphate (method)
TGA	thermogravimetric analysis
TGR	Transglobal Resources
Ti	titanium
TiO ₂	titanium dioxide
UCS	unconfined compressive strength
V	vanadium
V ₂ O ₅	vanadium pentoxide
WA	Western Australia
WMC	Western Mining Corporation
WOX	weakly oxidised
XRF	X-ray fluorescence

13.2 Units of measurement

Unit of measurement	Description
%	percent
°	degree(s)
°C	degrees Celsius
a	annum
A\$	Australian dollars
cm	centimetre(s)
dt/a	dry tonnes per annum
ft ³	cubic feet
g	gram(s)
ha	hectare(s)
kg	kilogram(s)
km, km ²	kilometre(s), square kilometre(s)
L/sec	litres per second
m, m ² , m ³	metre(s), square metre(s), cubic metre(s)
mm	millimetre(s)
Mt	million tonnes
Mt/a	million tonnes per annum (or year)
t	tonne(s)
t/a	tonnes per annum
t/m ³	tonnes per cubic metre

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Appendix A

Barrambie Project Mineral Resources – JORC Table 1

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	Commentary
Sampling techniques	<p>The Barrambie resource estimation is based on the logging and sampling of 796 reverse circulation (RC) and 61 diamond (DD) drillholes (PQ and HQ3 size). Metallurgical drilling comprises 20 of the PQ core holes.</p> <p>Limited information is available on the sampling methods used for the historical data (pre-2007). Snowden reviewed documents provided by Bryan Smith (Geosciences Pty Ltd) detailing drilling and sampling methods used for the most recent drilling (2007 to present) which are considered to be in line with industry standard.</p> <p>Drillholes have been sampled on 3 m intervals in areas of background mineralisation and 1 m intervals within mineralised zones.</p> <p>For RC holes, the drill cuttings were collected in a cyclone, discharged at 1 m intervals into a bucket and then passed through a three-tiered Jones riffle splitter to produce a split sample of about 3.5 kg. Diamond core was sampled on 1 m intervals with core being sawn in half and sampled as quarter core samples.</p> <p>Samples have generally been assayed for 13 attributes using x-ray fluorescence (XRF) analysis except for four historical DD holes which were assayed using atomic absorption spectroscopy (AAS).</p> <p>Magnetic susceptibility readings have been taken for most of the RC holes on 1 m intervals and 0.5 m intervals for DD holes.</p>
Drilling techniques	<p>The Barrambie deposit has a 40-year drilling history. Drilling techniques include rotary air blast, open hole percussion, RC and DD. Only RC and DD holes have been used for the resource estimation.</p> <p>Core orientation marks were attempted using a spear and crayon at the end of each core run; however, these were only successful on partly oxidised or fresh material.</p>
Drill sample recovery	<p>A qualitative logging code was used to record recovery for recent RC and DD drilling. Recovery of samples is considered good with only minor losses within fault zones which are dominated by clay.</p>
Logging	<p>Geological logging of core and rock chips was carried out recording oxidation, colour, texture, mineralisation, water and recovery. Magnetic susceptibility readings were taken every 1 m for RC holes and 0.5 m for DD holes.</p> <p>Snowden considers the logging was carried out in sufficient detail to meet the requirements of resource estimation and mining studies.</p>
Subsampling techniques and sample preparation	<p>Core was wrapped in film and transferred to core trays where the downhole depth was marked on core blocks. Core was cut in half using a core saw.</p> <p>RC samples were collected in a cyclone at the rig at 3 m intervals in areas of background mineralisation and 1 m intervals within mineralised zones. All samples within the mineralised zones were mostly dry.</p> <p>Initially core sample intervals were adjusted so samples did not cross geological boundaries. This was modified to routine 1 m samples, due to the difficulty in identifying the contacts during the second drilling campaign in 2007 (hole BDDH012).</p> <p>Limited information is available on the quality control (QC) methods applied to the historical drillholes. QC procedures to ensure sampling is representative of the in-situ material for the most recent drilling include the use of field duplicates and twinned holes. Comparison of the original and duplicate assays show an acceptable level of precision indicating field sampling procedures are reasonable. A total of 13 DD holes were twinned with selected RC holes. The results indicate minimal downhole smearing in RC drillholes.</p> <p>The sample sizes are considered appropriate to correctly represent the mineralisation.</p>
Quality of assay data and laboratory tests	<p>Samples used in the resource estimate have been assayed for TiO₂, V₂O₅, Fe, SiO₂, Al₂O₃, CaO, Cr₂O₃, K₂O, MgO, MnO, Na₂O, P, S and loss on ignition (LOI) using XRF analysis, except for four historical DD holes which were assayed using AAS.</p> <p>Limited information is available on the QC methods applied to the historical drillholes. Field QC procedures for the most recent drilling include the use of assay standards, field duplicates and umpire laboratory analysis.</p> <p>Results of the QC analysis indicated that acceptable levels of accuracy and precision have been achieved.</p> <p>No independent QAQC was conducted for the 20 metallurgical DD holes drilled in 2017. Intertek Genalysis conducted their own internal QAQC, with no issues being reported.</p>

Criteria	Commentary
Verification of sampling and assaying	<p>A total of 13 DD holes were twinned with selected RC holes. The results indicate minimal downhole smearing in RC drillholes.</p> <p>Primary data from the historical drilling have been compiled into a single Microsoft Excel spreadsheet. The most recent drilling has been compiled into a separate Microsoft Excel spreadsheet.</p> <p>Intersections in metallurgical diamond drillholes drilled in 2017 are commensurate with surrounding drillholes.</p>
Location of data points	<p>The drilling coordinates are in a local metric grid established by surveyors Hille Tompson and Delfos located in Geraldton, which has a grid north-south baseline at 5500 mE. The historical drillholes were surveyed on the local metric grid. Where the historical hole collars could not be identified, the collar locations were converted from the old imperial grid locations.</p> <p>Drill collar and azimuth of the metallurgical holes were pegged in the field using GDA94 system by independent surveyors.</p> <p>The topographic surface was provided by Southern Geoscience Consultants (SGC) compiled as part of an aeromagnetic survey flown on 25 m spaced lines in 2005. The Digital Elevation Model (DEM) was supplied in GDA, MGA Zone 50 coordinates and transformed to the local metric grid using four drillholes as common points.</p>
Data spacing and distribution	<p>Drill spacing is predominantly 100 m x 25 m. There is one 100 m area drilled at centres of 25 m x 25 m, and one 25 m area drilled at centres of 12.5 m x 12.5 m.</p> <p>Drill spacing is sufficient to establish the degree of geological and grade continuity necessary to support the resource classification.</p> <p>All samples were composited using a nominal 1 m interval prior to compiling the estimate. Where necessary, the composite interval has been adjusted to ensure that there are no residual sample lengths.</p>
Orientation of data in relation to geological structure	<p>Drillholes are drilled towards local grid east or west at varying angles to intersect the mineralised zones perpendicularly. The location and orientation of the Barrambie drillholes is appropriate given the strike and morphology of the mineralisation.</p> <p>Metallurgical drillholes are drilled within the plane of the mineralisation within the Eastern Zone at 50 m intervals along strike.</p>
Sample security	<p>Samples are stored onsite and transported to the laboratory on a regular basis. The laboratory was instructed by Neometals to dispose of the residual samples.</p>
Audits or reviews	<p>To date there have been no audits or reviews of sampling techniques and data.</p>

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

Criteria	Commentary
Mineral tenement and land tenure status	<p>The Barrambie mineralisation is within granted mining lease M57/173 in the Eastern Murchison Goldfields in the state of Western Australia. In April 2003, Reed Resources Ltd (Reed) through its subsidiary AVCH acquired 100% ownership of M57/173.</p> <p>Reed was renamed Neometals Ltd on 12 December 2014. The Barrambie Project tenements are currently held by the wholly owned subsidiary of Neometals, Australian Titanium Pty Ltd.</p> <p>No known impediments exist to operate in the area.</p>
Exploration done by other parties	There is no exploration done by other parties to acknowledge or appraise at this time.
Geology	<p>The ferro-vanadium titanium (Ti-V-Fe) deposit occurs within the Archaean Barrambie Greenstone Belt, which is a narrow, north-northwest to south-southeast trending greenstone belt in the northern Yilgarn Craton. The linear greenstone belt is about 60 km long and attains a maximum width of about 4 km. It is flanked by banded gneiss, felsics and granitoids. The mineralisation is hosted within a large layered, mafic intrusive complex (the Barrambie Igneous Complex), which has intruded into and is conformable with the general trend of the enclosing Greenstone Belt. From aeromagnetic data and regional geological mapping, it appears that this layered sill complex extends over a distance of at least 25 km into tenements to the north and south of M57/173 that have been acquired by Neometals. The layered sill varies in width from 500 m to 1,700 m.</p> <p>The sill is comprised of anorthositic magnetite-bearing gabbros that intrude a sequence of metasediments, banded iron formation, metabasalts and metamorphosed felsic volcanics of the Barrambie Greenstone Belt. The metasediment unit forms the hangingwall to the layered sill complex.</p> <p>Exposure is poor due to deep weathering, masking by laterite, widespread cover of transported regolith (wind-blown and water-borne sandy and silty clay), laterite scree and colluvium. Where remnant laterite profiles occur on low hills, there is ferricrete capping over a strongly weathered material that extends down to depths of 70 m.</p> <p>Ti-V-Fe mineralisation occurs as bands of cumulate aggregations of vanadiferous magnetite (martite)-ilmenite (leucocoxene) in massive and disseminated layers and lenses.</p> <p>Within the tenement the layered deposit has been divided into five sections established at major fault offsets. Cross faults have displacements that range from a few metres to 400 m. The water table occurs at about 35 m below the surface (when measured where the laterite profile has been stripped).</p>
Drillhole information	No exploration results being reported. Exploration results can be found in previous public reports.
Data aggregation methods	There are no exploration results to report. Past news releases of exploration results include summaries of all length weighted intercepts of vanadiferous mineralisation for all assays with greater than 0.5% V ₂ O ₅ , continuous throughout each intercept.
Relationship between mineralisation widths and intercept lengths	<p>For past news releases of exploration results, all holes drilled at an angle of 60° from the horizontal toward grid east or west, depending on the apparent dip of mineralised bands. All depths and intercept lengths are downhole distances and not intended to represent the true width of high-grade bands.</p> <p>Metallurgical holes were drilled within the plane of the mineralisation (i.e. down-dip) and therefore do not reflect the true width of the deposit.</p>
Diagrams	Appropriate maps (with scales) and tabulations are reported.
Balanced reporting	Due to the size of the drillhole database, it is not practicable to report all drilling results. Cut-off grade for reporting is a natural well-defined boundary for the higher-grade massive magnetite bands that will be the principal target for selective mining of the deposit.
Other substantive exploration data	Only drillhole sample and topographic data is used for Mineral Resource estimation purposes.
Further work	Further resource extension, infill and exploration work is planned for the Barrambie area.

Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section)

Criteria	Commentary															
Database integrity	<p>Handwritten logs are entered into Microsoft Excel at the end of each day and transferred to a Microsoft Access database on a regular basis. Snowden completed a basic validation check of the database for potential errors as a preliminary step to compiling the resource estimate. No issues were identified.</p> <p>The geological and sample database is maintained by Neometals and was validated by Snowden during the last resource update in January 2009, this included a review of the QC data. Drilling and sampling procedures were documented by Bryan Smith (Geosciences Pty Ltd) who made regular site visits during the drilling campaigns. Snowden considers sufficient information was provided to develop the geological model and resource estimate to the level of an Indicated and Inferred Resource.</p>															
Site visits	<p>Snowden visited the Barrambie site in 2008–09 and in November 2018, and August 2019 reviewing the general site layout and outcropping geology. No drilling was occurring during the 2018 site visit by Snowden, however exploration drilling was being carried out in August 2019.</p>															
Geological interpretation	<p>The interpretations for structural and lithological surfaces were compiled by Snowden in 2009 using the drillhole database supplied by Neometals. Minor adjustments were made by Snowden to the interpretation based on the additional diamond drillholes in 2017.</p> <p>A topography wireframe surface was generated from RC and DD drillhole collars, combined with the DEM points supplied by SGC. Discrepancies in elevation between drillhole collars and the DEM in the order of 2–3 m were found north of 12,600 mN.</p> <p>The interpretations for the mineralisation envelope and domains were primarily based on V₂O₅ grade cut-offs determined from statistical analysis of the drillhole data. A mineralisation indicator of 0.6% V₂O₅ was used to define the high-grade domain within both the Central Zone and Eastern Zone. The Eastern Zone low grade mineralisation was based on a threshold of 0.3% V₂O₅ and 0.1% V₂O₅ for the Central Zone and Eastern Zone low-grade mineralised envelopes surrounding the lodes. Six mineralised domains have been interpreted, four within the Eastern Zone and two within the Central Zone. Snowden notes there is a strong correlation between V₂O₅ and TiO₂ and as such, the use of V₂O₅ for definition of the mineralised domains is also considered to be appropriate for TiO₂.</p> <p>Neometals completed a program of closely spacing drilling within a test area which has provided better understanding of the short-range continuity of mineralisation.</p>															
Dimensions	<p>The estimated deposit covers an area of approximately 10.5 km north-south by approximately 250 m east-west and extends to a depth approximately 60 m below surface. The deposit remains open at depth and along strike.</p>															
Estimation and modelling techniques	<p>Drillhole data was coded using the wireframe interpretations representing oxidation surfaces, fault blocks and mineralised domains. Samples were composited to 1 m downhole, with the composite lengths adjusted to include all intervals and avoid loss of residual samples.</p> <p>Top cuts were applied where required to limit the influence of outlier grades.</p> <p>Traditional variogram were modelled for the combined Eastern and Central zones and the parameters applied to the six original mineralised domains, with the nuggets and sill values adjusted for those domains. There was insufficient data within the Far Eastern Zone high-grade domain; therefore, the Eastern Zone high-grade parameters were applied. The Dyke variogram was modelled as an omni-directional variogram as the low number of samples in this domain could not support directional variography.</p> <p>Studio 3 (Datamine) software was used to estimate grades for TiO₂, V₂O₅, Fe₂O₃, Al₂O₃, SiO₂, CaO and magnetic susceptibility using ordinary block kriging (ordinary kriging) into 10 mE x 40 mN x 5 mRL parent cell size as determined by a kriging neighbourhood analysis (KNA) carried out in March 2008. Sub-celling to 0.25 m x 10 m x 1.25 m has been allowed. A block discretisation of 2 x 5 x 1 was used in the easting, northing and elevation directions respectively.</p> <p>Boundary conditions used in the estimate are listed below:</p> <table border="1"> <thead> <tr> <th>Domain</th> <th>Attribute</th> <th>Boundary conditions</th> </tr> </thead> <tbody> <tr> <td>Domains 1–2</td> <td>TiO₂</td> <td>Soft boundary across grouped domains Soft boundaries over oxidation horizons</td> </tr> <tr> <td>Domains 3–6</td> <td>TiO₂</td> <td>Hard boundaries across grouped domains Soft boundaries over oxidation horizons</td> </tr> <tr> <td>Domains 1–6</td> <td>V₂O₅, Fe₂O₃, Al₂O₃, SiO₂</td> <td>Hard boundaries across grouped domains Soft boundaries over oxidation horizons</td> </tr> <tr> <td>Domains 1–6</td> <td>CaO, magnetic susceptibility</td> <td>Hard boundaries across grouped domains Hard boundaries over oxidation horizons</td> </tr> </tbody> </table>	Domain	Attribute	Boundary conditions	Domains 1–2	TiO ₂	Soft boundary across grouped domains Soft boundaries over oxidation horizons	Domains 3–6	TiO ₂	Hard boundaries across grouped domains Soft boundaries over oxidation horizons	Domains 1–6	V ₂ O ₅ , Fe ₂ O ₃ , Al ₂ O ₃ , SiO ₂	Hard boundaries across grouped domains Soft boundaries over oxidation horizons	Domains 1–6	CaO, magnetic susceptibility	Hard boundaries across grouped domains Hard boundaries over oxidation horizons
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Criteria	Commentary			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Domain 7</td> <td style="width: 40%;">V₂O₅, TiO₂, Fe₂O₃, Al₂O₃, SiO₂, CaO, magnetic susceptibility</td> <td style="width: 35%;">Hard boundaries across grouped domains Soft boundaries over oxidation horizons</td> </tr> </table> <p>The orientations of the search ellipses were defined to suit the approximate local dip and strike of the lode wireframes within each fault block. The initial search pass used ranges derived from the variograms. Blocks were estimated using a minimum of six and a maximum of 30 samples. If the initial search failed to find the minimum number of samples required, then a second search was conducted using 1.5 times the initial search radii.</p> <p>Blocks within the mineralised domains not estimated due to an insufficient number of samples were assigned the mean assay of the Dyke, Central and Eastern zones as appropriate.</p> <p>The estimates were validated as follows:</p> <ul style="list-style-type: none"> • A visual comparison of the block grade estimates to the input drillhole composite data on a section-by-section basis shows a reasonable correlation, although there is some evidence of smoothing of low and high grades within the low-grade mineralised envelopes. • A comparison of the estimated block grades to the average composite (naïve) grades for TiO₂, V₂O₅, Fe₂O₃, Al₂O₃, SiO₂ within the mineralised domains show good results, with both sets of results being within 8% for all grades except for Al₂O₃ which are within 13%. • Trend plots show a reasonable comparison of the block grades with the samples grades in the easting and northing directions. For the elevation, direction the model and sample means sometimes diverge. This is due to the sub-vertical geometry of the lodes; few drillhole intercepts in the vertical direction and the fact that grades have been estimated using a search ellipse that has a significant range in the vertical direction resulting in apparent smoothing of the model. <p>The Barrambie Mineral Resource was previously reported in terms of TiO₂ by Snowden in 2013. A comparison between the 2013 estimate and the December 2017 estimate shows that at a 15% TiO₂ cut-off, there is no material change.</p>	Domain 7	V ₂ O ₅ , TiO ₂ , Fe ₂ O ₃ , Al ₂ O ₃ , SiO ₂ , CaO, magnetic susceptibility	Hard boundaries across grouped domains Soft boundaries over oxidation horizons
Domain 7	V ₂ O ₅ , TiO ₂ , Fe ₂ O ₃ , Al ₂ O ₃ , SiO ₂ , CaO, magnetic susceptibility	Hard boundaries across grouped domains Soft boundaries over oxidation horizons		
Moisture	Not applicable to this estimate – only dry mass considered.			
Cut-off parameters	The Mineral Resource is reported at a 15% TiO ₂ grade cut-off. This threshold was determined by preliminary financial modelling carried out by Neometals.			
Mining factors or assumptions	A Scoping Study was completed by Snowden in November 2013 on the basis that the Barrambie deposit will be mined using conventional drill and blast with truck and shovel open pit mining methods. Reasonably small mining equipment would be used to mine the high grade with limited dilution.			
Metallurgical factors or assumptions	Metallurgical samples from the oxide and transition zones were provided for laboratory test work. The test work demonstrated that both V ₂ O ₅ and TiO ₂ can be recovered using a two-stage leaching process. Whilst mineralisation within the primary zone has not been tested, this zone constitutes a minor proportion of the defined resource. Test work carried out on similar primary material from Canadian deposits indicates that the Barrambie primary material would be amenable to this processing technique.			
Environmental factors or assumptions	Previous submissions to the Environmental Protection Agency (EPA) are to be revised with an updated mine plan and production forecast. It is expected less conditions could apply given a possible reduced mining rate and updated processing flow sheet.			
Bulk density	Density values were estimated from the mineralised domains in the block model with regression equations using estimated Fe ₂ O ₃ , SiO ₂ and Al ₂ O ₃ block grades. Limited data was available from the transitional and very little data was available from the fresh. Waste blocks were assigned a default density based on fresh unmineralised gabbro.			
Classification	<p>The Barrambie Mineral Resource is classified as Indicated and Inferred for the five major elements V₂O₅, TiO₂, Fe₂O₃, Al₂O₃, SiO₂, based on several criteria, including the geological confidence, the integrity of the data, the spatial continuity of the mineralisation as demonstrated by variography and the quality of the estimation. The estimates of CaO and magnetic susceptibility have not been classified as they are considered to have low confidence due to poor validation.</p> <p>Mineralised zones where the drill spacing is 100 m x 25 m, 120 m x 25 m or 150 m x 25 m and are within the ordinary kriging variance envelope (based on a threshold of 0.5) and above the base of drilling have been classified as Indicated. Mineralised zones outside the OK variance envelope and below the base of drilling have been classified as Inferred. Mineralised zones have been extrapolated approximately 20 m beyond the base of drilling.</p> <p>The Mineral Resource estimate appropriately reflects the views of the Competent Person with respect to the deposit.</p>			
Audits or reviews	Snowden has completed an internal peer review of the estimate which has concluded that the procedures used to estimate and classify the Mineral Resource are appropriate. There have been no external audits or reviews carried out that Snowden is aware of.			

Criteria	Commentary
Discussion of relative accuracy/ confidence	The relative accuracy and confidence in the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as set out in the JORC Code (2012).

Part IV

Taxation

Part A – United Kingdom taxation

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current UK law and HMRC practice (which may not be binding on HMRC) as at the date of this document. UK tax legislation and published practice of HMRC are both subject to change, possibly with retrospective effect. The following paragraphs summarise certain limited aspects of the tax position of holders of the Ordinary Shares who (unless the position of non-resident holders of the Ordinary Shares is expressly referred to) are resident (and for individuals, resident and domiciled) in (and only in) the United Kingdom for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and any dividends paid on them and who hold their Ordinary Shares as an investment (other than in an Individual Savings Account or a self-invested pension). Certain holders of Ordinary Shares, such as dealers in securities, insurance companies, Shareholders who are exempt from tax, Shareholders who have acquired their Ordinary Shares by virtue of an office or employment including employees and directors of the Company, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, trusts, those who hold 5 per cent., or more of the Ordinary Shares and collective investment schemes, may be taxed differently and are not considered. The following statements do not consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, the seed enterprise investment scheme or the venture capital scheme, those able to claim any inheritance tax relief or holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Furthermore, the following statements do not include a consideration of the potential UK inheritance tax consequences of holding Ordinary Shares. Prospective purchasers of Ordinary Shares should consult their own professional advisers in relation to the potential UK inheritance tax consequences of holding them.

If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the United Kingdom, you should consult an appropriate professional adviser before taking any action.

1. Chargeable gains of UK resident individuals

A disposal of Ordinary Shares by a holder of Ordinary Shares who is resident for tax purposes in the UK, may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. An individual Shareholder who has ceased to be resident in the UK for tax purposes, or who is treated as resident outside the UK for the purposes of a double tax treaty for a period of five complete years or fewer and who disposes of Ordinary Shares during that period may also be liable to UK taxation on any capital gain realised (subject to any available exemptions or reliefs) on their return to the UK. Relief may be available under certain double taxation treaties to prevent such an individual from being subject to UK capital gains tax in those circumstances. Special rules also apply to individual Shareholders who are subject to UK tax on a "split-year" basis for UK tax residence purposes and such individual Shareholders should seek specific professional advice if they are in any doubt as to their position.

For individual Shareholders, the principal factors that will determine the UK capital gains tax charge on a disposal or a deemed disposal of Ordinary Shares are: the extent to which the Shareholder realises any other capital gains in the UK tax year in which the disposal of Ordinary Shares is made; the extent to which the individual Shareholder has incurred allowable and unused capital losses in that or earlier UK tax years; the marginal income tax band to which the individual Shareholder belongs; and the level of the annual allowance of tax-free gains in that UK tax year (the **Annual Exemption**).

An individual Shareholder is entitled to an Annual Exemption without being liable to capital gains tax. For the year ended 5 April 2022 it is £12,300. Thereafter, the rate of capital gains tax is 10 per cent., for individual Shareholders to the extent that, when added to Shareholder's income, the gain falls within the basic rate tax band, and 20 per cent., for individual Shareholders to the extent that, when added to the Shareholder's income, the gain falls within the higher or additional rate tax bands.

2. Disposal of shares

A disposal or deemed disposal of Ordinary Shares by an individual within the charge to UK taxation on chargeable gains will give rise to a chargeable gain or an allowable loss, depending upon the Shareholder's circumstances and subject to any available exemption or relief. UK residents are entitled to treat the first £12,300 of chargeable gains made in any tax year as a tax-free allowance, on which no tax is paid. Subject to any other relief or exemption, UK tax on chargeable gains is charged at 10% on taxpayers whose gains are within the basic income tax band, and 20% on any gain above the basis rate band.

A disposal or deemed disposal of Ordinary Shares by a company within the charge to UK corporation tax will give rise to a chargeable gain or an allowable loss for the purposes of corporation tax, depending upon the Shareholder's circumstances and subject to any available exemption or relief. UK corporation tax is charged on chargeable gains at the rate applicable to that company (currently 19 per cent., with the main rate of UK corporation tax increasing to 25 per cent. from 1 April 2023).

3. Taxation of dividends

Under current UK tax law, no UK tax will be required to be withheld at source by the Company when it pays a dividend.

a) UK resident individuals

A UK tax resident individual Shareholder who receives a dividend from the Company will pay no tax on the first £2,000 (for the tax year to 5 April 2022) of dividend income received in a tax year (the **Dividend Allowance**), to the extent the Dividend Allowance has not already been utilised against other dividend income of the individual Shareholder in the year. For these purposes "dividend income" includes UK and non UK source dividends and certain other distributions in respect of shares. The current rates of tax (for the tax year to 5 April 2022) on dividend income above the Dividend Allowance are 7.5 per cent., on dividend income received by individual Shareholders to the extent that it falls within the basic rate tax band, 32.5 per cent., on dividend income received by individual Shareholders to the extent that it falls within the higher rate tax band, and 38.1 per cent., on dividend income received by individual Shareholders to the extent that it falls within the additional rate tax band. There is a 1.25 per cent., dividend rate increase coming into effect from 6 April 2022. Dividend income that is within the Dividend Allowance counts towards determining an individual Shareholder's basic or higher rate bands. This will therefore affect the level of personal savings allowance to which individuals are entitled, and the rate of tax which is due on dividend income in excess of the Dividend Allowance. In determining which tax band any dividend income in excess of the Dividend Allowance falls within, dividend income is treated as the top slice of an individual Shareholder's total taxable income for UK income tax purposes.

b) UK resident companies

Subject to certain exceptions for traders in securities and insurance companies, a corporate Shareholder resident in the UK for tax purposes will not be subject to UK corporation tax on dividends received from the Company so long as the dividends fall within an exempt class and certain conditions are met.

For example, (i) dividends paid on Ordinary Shares that are "ordinary shares" and are not "redeemable" (as those terms are used in Chapter 3 of Part 9A CTA 2009) and which do not carry any present or future preferential rights to dividends or to the Company's assets on its winding-up, and (ii) dividends paid to a person holding less than a 10 per cent., interest in the Company, should generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not

met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of UK corporation tax applicable to that Shareholder (currently 19 per cent., with the main rate of UK corporation tax increasing to 25 per cent. from 1 April 2023).

It is recommended that UK shareholders also consider the implications of, and where necessary seek independent advice in relation to, any credit or other relief that may be available to them in the UK as a result of any Australian tax paid or withheld on dividends.

4. Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax (**SDRT**) should be payable on the issue of new Ordinary Shares, whether the issue is of definitive share certificates or in uncertificated form.

Dealings in the Ordinary Shares on AIM will take the form of the transfer of Depositary Interests and subject to satisfying a number of conditions should fall within an exemption from the charge to SDRT in the UK. As at the date of this document, the Company believes these conditions would be satisfied and hence no SDRT charge should arise on the transfer of Depositary Interests through AIM. If at any future time any of the relevant conditions ceases to be satisfied, SDRT may arise in respect of the transfer of Depositary Interests, broadly at 0,5 per cent. of the consideration paid for such transfer. SDRT is normally the liability of the purchaser or the transferee of Depositary Interests.

For completeness, where Ordinary Shares have originally been issued in certificated form, no stamp duty or SDRT should arise on the subsequent transfer of those shares into CREST to create Depositary Interests, provided the transfer is not for consideration.

No stamp duty should be payable in the UK in respect of the transfer of Depositary Interests as no instrument of transfer is executed when Depositary Interests change hands.

The above statements are intended as a general guide. Certain categories of persons are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it.

Part B – Australian Taxation

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current Australian law and ATO practice (which may not be binding on the ATO) as at the date of this document.

If you are in any doubt as to your tax position you should consult an appropriate professional adviser before taking any action.

Australian taxation implications for Australian Residents and non-Australian Residents Investing in the Company

This paragraph contains a general summary of the potential Australian capital gains tax (**CGT**), Goods and services tax (**GST**) and stamp duty consequences for certain Shareholders in connection with the future disposal of Shares by, and payment of any future dividends to, Shareholders.

The specific tax implications for Shareholders will vary depending on a Shareholder's particular circumstances.

The following information is provided as a general guide only and should not be viewed as tax advice in relation to the specific circumstances of Shareholders. The information provided does not represent a complete analysis of all potential tax implications associated with the disposal of Shares or the payment of dividends. Shareholders should consult their own tax advisers as to the potential tax consequences in respect of their own particular circumstances, including advice regarding tax return reporting requirements, applicable tax laws and the effect of any proposed changes in tax laws.

The category of Shareholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships who hold their shares in the

Company on a capital account. In particular, this summary does not address the Australian income tax consequences for Shareholders who:

- Do not hold their shares in the Company solely on capital account (for example, Shareholders that buy and sell shares in the ordinary course of business or who otherwise hold their Shares in the Company on revenue account or as trading stock);
- Acquired their shares in the Company under an employee incentive equity plan;
- Have a functional currency for Australian tax purposes other than an Australian functional currency;
- Are subject to the Taxation of Financial Arrangement provisions Division 230 of the Income Tax Assessment Act 1997 (**ITAA 1997**) in respect of their Shares in the Company;
- Are subject to special taxation rules (for example, banks, insurance companies, tax exempt organisations, certain superannuation funds, managed investment trusts, dealers in securities, temporary residents);
- Acquired their Shares before 20 September 1985;
- Are a non-Australian tax resident Shareholder that has held their Shares at any time in carrying on a business at or through a permanent establishment in Australia; and/or
- Are an Australian tax resident Shareholder that has held their Shares at any time in carrying on a business at or through a permanent establishment outside of Australia.

Such Shareholders should seek their own advice on Australian taxation law.

This summary is based upon Australian taxation law and established interpretation of Australian taxation law in effect as at the date of this document. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia.

This summary does not consider any specific facts or circumstances that may apply to particular Shareholders. The taxation consequences of any investment in the Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company.

Income tax consequences of Admission to the AIM market

The Admission of tradable securities of the Company to AIM, of itself, should not have any Australian tax consequences to the Company or its existing Shareholders. In particular, the act of Admission itself will not alter the residency of the Company for tax purposes. Shareholders will continue to hold Shares in a company which is resident in Australia for tax purposes and there will not be any Australian taxation event for Shareholders as a result of Admission.

Income tax consequences of future share disposals

a) *Australian resident Shareholders*

i) CGT consequences of disposing of your Shares

The disposal of a Share by an Australian tax resident Shareholder should constitute a CGT event. The CGT event will happen at the earlier time of entering into a contract for the sale of the Shares, or when the Shares are disposed of.

A capital gain or capital loss may arise as a consequence of this CGT event. A capital gain should arise to the extent that the capital proceeds on disposal exceed the CGT cost base of the Shares. A capital loss will arise if the capital proceeds are less than the Shareholder's reduced cost base for the Shares.

In the case of an arm's length sale, the capital proceeds should generally equal the Australian Dollar value of the cash proceeds received from the sale. The CGT cost base (and reduced cost base) in the Shares should generally include the historical amount paid by the Shareholder to acquire the Shares plus any incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty) that are not deductible to the Shareholder.

You will need to consider the consequences of the disposal of different parcels of your Shares, including the fact that you might have acquired some of your Shares (or parcels thereof) at different times to acquiring others. For example, you may derive capital gains on some parcels of your Shares and capital losses on others.

Your net capital gain for the income year is included in your assessable income for the income year. Broadly, your net capital gain for an income year is the total of all of the capital gains derived during the income year less available capital losses realised in the income year and available net capital losses arising in previous income years. That amount may be reduced further by other concessions, particularly under the discount CGT rules, discussed below.

If you make a capital loss from the disposal of your Shares, the capital loss may be used to offset capital gains derived in the same or subsequent years of income (subject to satisfying any applicable carry forward loss conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

Where the Shareholder is a partnership, the partners of that partnership (and not the partnership itself) should ordinarily be treated as realising any capital gain arising from the disposal.

ii) Cost base of your Shares – Indexation

If your Shares were acquired by you at or before 11.45 am (ACT time) on 21 September 1999, for the purpose of calculating a capital gain (but not a capital loss), you may choose that the CGT cost base of those shares be indexed for inflation to 30 September 1999.

If you choose the indexation option, capital losses are applied after calculating the capital gain using the indexed cost base.

The “choice” to apply indexation rather than the discount capital gain provisions must be made by you on or before the day you lodge your income tax return for the income year in which the disposal occurs. The manner in which you complete your income tax return is generally sufficient evidence of your making of a choice.

Alternatively, provided you have held your Shares for at least 12 months, and you do not choose to apply indexation, the discount capital gain provisions may apply (as discussed further below).

iii) Discount capital gains

Subject to the comments regarding indexation above, provided the Shares have been held for at least 12 months, a CGT discount may be applied against any capital gain (after the reduction of the capital gain by applicable capital losses) where the entity which realises the capital gain is an individual, complying superannuation entity or trustee.

The CGT discount is 50 per cent. for individuals and trusts, and 33 1/3 per cent. for complying superannuation entities. The discount CGT provisions do not apply to companies.

If a Shareholder makes a discount capital gain, any available capital losses will be applied to reduce the undiscounted capital gain before the discount is applied. The resulting amount is then included in the Shareholder’s net capital gain for the income year.

If you are the trustee of a trust, the discount capital gains provisions may also apply to a distribution of the capital gain to beneficiaries in the trust (other than beneficiaries that are companies). The CGT provisions which apply to trustees and beneficiaries of trusts are complex and you should seek advice from your professional tax adviser in this regard.

b) Non-resident Shareholders

Non-Australian tax resident Shareholders that do not hold their Shares at any time in carrying on a business at or through a permanent establishment in Australia and hold their Shares on capital account should generally not be subject to CGT on the disposal of their Shares, unless both of these conditions apply:

- (a) The Shareholder (together with their associates, as defined for tax purposes) has held an interest of at least 10% in the company at the time of the disposal, where the shares have been held for at least 12 months during the 24 month period prior to the disposal; and
- (b) 50% or more of the market value of the Company is represented, directly or indirectly, by real property in Australia, referred to as 'taxable Australian property' (which for these purposes includes mining rights and leases located in Australia).

If the above conditions are not met, the Shares should not represent an indirect Australian real property interest.

Non-Australian tax resident Shareholders are not entitled to a CGT discount. Net capital gains are calculated after offsetting capital losses, which may only be offset against capital gains.

c) Non-resident CGT withholding

Specific rules can also apply to the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016, whereby, a 12.5% non-final withholding tax may be applied.

Under these rules, a buyer may be required to make a withholding from the cash consideration payable to a relevant Shareholder where:

- (a) The buyer knows or reasonably believes that the Shareholder is a non-resident or has an overseas address, or the buyer is authorised to pay the consideration overseas (in the case where the buyer does not reasonably believe that the Shareholder is an Australian tax resident); and
- (b) The Shares are an indirect Australian real property interest (as described above).

The non-resident CGT withholding rules should generally not apply to the future disposal of Shares in the Company provided the Shares are sold on market (which is excluded under these rules).

Income tax consequences of payment of dividends

a) Australian resident Shareholders

Dividends may be paid to Shareholders from the accounting profits of the Company as declared by the Directors. Australian resident Shareholders may receive credits (referred to as **franking credits**) in respect of such dividends. Franking credits broadly represent the extent to which a dividend is paid out of profits that have been subject to Australian tax. It is possible for a dividend to be either fully or partly franked. Where a dividend is partly franked, the franked portion is treated as fully franked and the remainder as being unfranked.

It should be noted that the definition of dividend for Australian tax purposes is broad and can include certain capital returns and off-market share buy-backs.

b) Australian resident individuals and complying superannuation entities

Non-corporate Australian tax resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, subject to the comments below, the associated franking credits should also be included in the Australian tax resident Shareholder's assessable income (that is, the dividends are required to be "grossed-up"). In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the grossed-up value of dividends received but may be entitled to a tax offset for the associated franking credits (as discussed below).

To the extent that the dividends are unfranked, there is no gross-up (or tax offset) and non-corporate Australian resident Shareholders should be subject to tax at their applicable rate of tax on the unfranked dividends received.

Generally, Shareholders should be entitled to a “tax offset” equal to the amount of any franking credits received.

To the extent that the franking credits received by non-corporate Shareholders that are individuals and complying superannuation entities exceed the amount of tax payable, those Shareholders should be entitled to a refund from the Australian Taxation Office (ATO) of any ‘excess’ franking credits. Where the franking credits are less than the tax payable on the dividends, those Shareholders will need to pay an additional amount of tax.

c) *Trust and partnerships*

Non-corporate Australian tax resident Shareholders that are trusts (other than trustees of complying superannuation entities) and partnerships will be required to include dividends in their assessable income in the income year in which the dividends are paid. Such Shareholders should also include any franking credits in determining the net income of the trust or partnership. The relevant beneficiary or partner may then be entitled to a corresponding tax offset, subject to certain requirements being satisfied.

In relation to trusts or limited partnerships, the rules surrounding the taxation of dividends are complex and advice should be sought to confirm the appropriate taxation considerations and treatment.

d) *Corporate Shareholders*

Corporate Australian tax resident Shareholders (including those which are deemed to be companies) will be required to include dividends in their assessable income in the income year in which the dividends are paid. Such Shareholders should also include any franking credits in determining their taxable income or loss for the income year.

Corporate Shareholders are also entitled to a tax offset equal to the amount of franking credits received, however, unlike non-corporate Shareholders, they are unable to claim refunds for excess franking credits. Where excess franking credits exist, a corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses, whereby the excess franking offset amount is grossed-up at the corporate tax rate applicable to the corporate Shareholder.

Corporate Shareholders (including those which are deemed to be companies) should also be entitled to a franking credit in their franking account equal to the franking credits received in respect of the dividends. A corporate Shareholder may be able to then use the credits to make franked distributions to its own Shareholders.

e) *Holding period rule*

There are certain limitations imposed by the Australian taxation law which may prevent a Shareholder from obtaining the benefit of any franking credits. In order for individual Shareholders to be entitled to claim the ‘tax offset’ in relation to franked dividends, the recipient of the dividend must be a ‘qualified person’. To be a qualified person, the two tests that need to be satisfied are the ‘holding period rule’ (generally referred to as the ‘45 day rule’) and the ‘related payments rule’.

Broadly, if individual Shareholders have held Shares at risk for at least 45 days (excluding the dates of acquisition and disposal), they are able to claim the tax offset for the amount of any franking credits attaching to the dividend.

f) *Dividend washing*

Integrity provisions prevent taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of “dividend washing”. “Dividend washing” is a practice through which taxpayers seek to claim two sets of franking credits by selling shares held on the ASX on an ex-dividend basis (retaining the dividend entitlement) and then

effectively repurchasing the same parcel of shares on a special ASX trading market on a different basis, which includes the entitlement to the dividend on effectively the same parcel of shares.

Shareholders should consider the impact of these provisions (and other dividend tax integrity provisions) having regard to their own personal circumstances.

g) *Non-resident Shareholders*

Fully franked dividends paid to non-Australian tax resident Shareholders will not be subject to dividend withholding tax.

Where the dividend paid is not fully franked, the Company will be required to withhold and remit an amount of dividend withholding tax to the ATO to the extent the dividend is not declared to be “conduit foreign income”.

Australian dividend withholding tax is levied at a flat rate of 30% on the gross amount of the dividends unless a Shareholder is a tax resident of a country that has an applicable double tax treaty with Australia. In these circumstances, the rate at which dividend withholding tax must be withheld and remitted will depend on the jurisdiction to which the non-Australian Shareholder is tax resident.

Fully franked dividends are not subject to Australian dividend withholding tax.

It is recommended that non-resident Shareholders also consider the tax implications of receiving dividends in respect of Shares under their respective domestic tax regimes.

The general comments made above are subject to whether the Company is an “exempting” or “former exempting” entity.

h) *Exempting entities and former exempting entities*

The Company will become an “exempting entity” if it becomes 95% or more effectively owned by “prescribed persons”, which includes foreign residents and certain tax exempt entities.

Where the Company becomes an exempting entity it will frank a distribution by applying franking credits to frankable distributions in the same way ordinary companies do.

Franked distributions made by exempting entities are generally treated as unfranked distributions in the hands of the recipient. They only provide benefits to recipients in the form of:

- an exemption from dividend withholding tax for non-resident members
- a tax offset entitlement for franked distributions arising to members holding eligible employee shares and corporate tax entities in certain cases. This is generally when the receiving entity is itself subject to the exempting entity rules
- a franking credit arising in the franking account of a recipient exempting entity in certain cases.

The Company would become a “former exempting entity” if it is subsequently held less than 95% by prescribed persons. Where the Company is a former exempting entity its franking account is converted into an exempting account and it will be required to establish a new franking account. The exempting account is then quarantined so that distributions franked with exempting credits only confer a franking benefit for eligible continuing substantial Shareholders or members holding eligible employee shares.

Goods and services tax (GST) and Stamp Duty

The acquisition or disposal of Shares in the Company should not attract GST. To the extent that you incur GST on acquisitions which you make (such as adviser fees) you may not be entitled to an input tax credit or you may only be entitled to a reduced input tax credit for that GST, depending on your particular circumstances. If you are unsure as to the extent to which you are entitled to claim input tax credits on any GST incurred, professional advice should be sought.

Under current stamp duty legislation, stamp duty would generally not be payable in respect of the acquisition of Shares in the Company provided the Company remains listed on an approved stock

exchange, and the acquisition results in a shareholder (and any related entities) holding less than 90% of the Shares in the Company.

Tax File Number (TFN)

Australian tax resident Shareholders who are individuals may, if they choose, notify the Company of their tax file number (TFN). In the event that the Company is not so notified, pursuant to the TFN withholding rules, tax should be automatically deducted at the highest marginal rate (currently 45% plus Medicare levy of 2%), from the unfranked portion of any dividends paid to the Shareholder. Where a Shareholder invests in the Company in the course of carrying on an enterprise then they may quote their Australian Business Number (ABN) instead.

Shareholders that have not previously provided their TFN or ABN (if applicable) to the Company's Share Registry may wish to do so to ensure that withholding tax is not deducted from any future distribution payable to them.

An Australian tax resident Shareholder who has been subjected to TFN withholding may be able to claim a tax credit/rebate/refund (as applicable) in respect of the tax withheld in their income tax return.

Shareholders who are non-Australian tax residents are generally entitled to an exemption from the TFN withholding rules (refer above to comments on dividends paid to non-Australian tax resident Shareholders).

Part V

Financial Information on the Company

The audit reports, financial statements including supporting notes included in Part V of the Admission Document have been extracted without material adjustment from Neometals Limited's annual report and accounts ended 30 June 2021, 30 June 2020 and 30 June 2019. The page and section references included in this Part V are to the relevant pages and sections of the corresponding Neometals Limited annual reports and accounts.

Neometals Ltd
A.C.N. 099 116 631

Annual Financial Report
for the financial year ended 30 June 2021

Independent Auditor's Report to the members of Neometals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Neometals Ltd (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Exploration and Evaluation Asset and Expenditure</p> <p>As at 30 June 2021, the carrying value of exploration and evaluation assets totaled \$36.3 million as disclosed in Note 13. The Group’s accounting policy in respect of exploration and evaluation expenditure is disclosed in Note 2.</p> <p>Significant judgement is required:</p> <ul style="list-style-type: none"> • in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with the relevant accounting standard; and • in determining the treatment of exploration and evaluation expenditure: <ul style="list-style-type: none"> ○ whether the particular area of interest meets the recognition conditions for an asset; and ○ which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest. 	<p>Our procedures associated with exploration and evaluation expenditure performed during the year included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the relevant controls associated with the capitalisation or expensing of exploration and evaluation expenditure; and • testing on a sample basis, the appropriateness and value of costs capitalised during the year, including whether they were consistent with the Group’s accounting policy. <p>Our procedures associated with assessing the carrying value of exploration and evaluation assets included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the relevant controls associated with the identification of indicators of impairment; and • evaluating management’s impairment indicator assessment, including whether any of the following events exist at the reporting date which may indicate that exploration and evaluation assets may not be recoverable: <ul style="list-style-type: none"> ○ obtaining a schedule of the areas of interest held by the Group and confirming whether the rights to tenure of those areas of interest remained current at balance date; ○ inquiring of management as to the status of ongoing exploration programmes in the respective areas of interest; and ○ assessing whether any facts or circumstances existed to suggest impairment testing was required. <p>We also assessed the appropriateness of the disclosures in Notes 2 and 13 to the financial statements.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors’ Report and Review of Operations, which we obtained prior to the date of this auditor’s report, and also includes the following information which will be included in the Group’s annual report (but does not include the financial report and our auditor’s report thereon): letter from the Chairman and additional stock exchange information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the letter from the Chairman, and additional stock exchange information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 41 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Neometals Ltd, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ian Skelton
Partner
Chartered Accountants
Perth, 29 September 2021

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2021**

	Note	2021 \$	2020 \$
Continuing operations			
Other income	5	35,821,349	431,554
Interest income	5	527,398	1,630,841
Employee expenses	5	(6,879,307)	(6,623,940)
Occupancy expenses		(384,836)	(501,823)
Administration expenses	5	(3,641,986)	(3,461,528)
Finance costs		(63,310)	(63,185)
Other expenses	5	(5,273,180)	(6,262,439)
Marketing expenses		(526,457)	(304,080)
Foreign exchange loss		(95,642)	(86,438)
Impairment expense	5	—	(4,596,935)
Impairment reversal	23	1,678,210	—
Share of loss in associate	23	(99,967)	—
Share of loss in Joint Venture	22	(85,525)	—
Profit/(loss) before income tax		<u>20,976,747</u>	<u>(19,837,973)</u>
Income tax (expense)/benefit	7	(4,547,786)	5,284,280
Profit/(loss) for the year from continuing operations		<u>16,428,961</u>	<u>(14,553,693)</u>
Discontinued operations			
Loss for the year from discontinuing operations	6	<u>(85,789)</u>	<u>—</u>
Profit/(loss) for the year from continuing and discontinuing operations		<u>16,343,172</u>	<u>(14,553,693)</u>
Other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive profit/(loss) for the year		<u>16,343,172</u>	<u>(14,553,693)</u>
Earnings/(loss) per share			
From continuing and discontinued operations:			
Basic (cents per share)	19	3.00	(2.67)
Diluted (cents per share)	19	3.00	(2.67)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	28(a)	93,897,137	77,043,016
Trade and other receivables	11	542,201	385,213
Other financial assets	12	1,938,368	1,192,757
Total current ordinary assets		96,377,706	—
Assets classified as held for sale	6	11,494,537	—
Total current assets		107,872,243	78,620,986
Non-current assets			
Loan to joint ventures	22	70,000	—
Exploration and evaluation expenditure	13	36,318,834	44,058,921
Intangibles		755,081	793,053
Investments in joint ventures	22	2,811,339	1
Investment in associate	23	4,869,566	3,531,048
Other financial assets	12	7,811,000	5,396,000
Right of use assets	21	563,572	1,044,969
Property, plant and equipment	14	590,715	2,011,931
Total non-current assets		53,790,107	56,835,923
Total assets		161,662,350	135,456,909
Current liabilities			
Trade and other payables	15	5,245,188	2,182,786
Provisions	16	1,272,684	1,170,935
Lease liability	21	363,512	500,878
Liabilities associated with the assets classified as held for sale	6	452,489	—
Total current liabilities		7,333,873	3,854,599
Non-current liabilities			
Provisions	16	455,476	1,326,359
Lease liability	21	336,398	721,854
Deferred tax liability	7	6,768,334	—
Total non-current liabilities		7,560,208	2,048,213
Total liabilities		14,894,081	5,902,812
Net assets		146,768,269	129,554,097
Equity			
Issued capital	17	154,634,997	154,437,267
Reserves	18	9,041,400	8,368,130
Accumulated losses		(16,908,128)	(33,251,300)
Total equity		146,768,269	129,554,097

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Consolidated statement of changes in equity
for the year ended 30 June 2021**

	Issued Capital \$	Investment revaluation reserve \$	Other equity reserve \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 01/07/19	154,264,634	1,019,637	300,349	6,300,747	(7,807,269)	154,078,098
Loss for the period	—	—	—	—	(14,553,693)	(14,553,693)
Total comprehensive income for the period	—	—	—	—	(14,553,693)	(14,553,693)
Recognition of share-based payments (see note 18)	—	—	—	924,147	—	924,147
Recognition of shares issued under performance rights plan	176,750	—	—	(176,750)	—	—
Issue of dividends	—	—	—	—	(10,890,338)	(10,890,338)
Share issue costs, net of tax	(4,117)	—	—	—	—	(4,117)
Balance at 30/06/20	154,437,267	1,019,637	300,349	7,048,144	(33,251,300)	129,554,097
Gain for the period	—	—	—	—	16,343,172	16,343,172
Total comprehensive income for the period	—	—	—	—	16,343,172	16,343,172
Recognition of share-based payments (see note 18)	—	—	—	873,520	—	873,520
Recognition of shares issued under performance rights plan	200,250	—	—	(200,250)	—	—
Issue of dividends	—	—	—	—	—	—
Share issue costs, net of tax	(2,520)	—	—	—	—	(2,520)
Balance at 30/06/21	154,634,997	1,019,637	300,349	7,721,414	(16,908,128)	146,768,268

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated statement of cash flows
for the year ended 30 June 2021**

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Research and development refund		2,220,548	1,497,829
Payments to suppliers and employees		(13,479,311)	(14,812,599)
Payments to suppliers – discontinued operations		(85,789)	—
Net cash used in operating activities	28(c)	<u>(11,344,552)</u>	<u>(13,314,770)</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(153,171)	(1,023,959)
Payments for intellectual property		(152,320)	(312,192)
Payments for exploration and evaluation		(1,280,083)	(6,796,133)
Payments for exploration and evaluation – discontinued operations		(2,548,919)	—
Payments for tenement acquisitions		(100,000)	(550,000)
Receipts from tenement disposals		200,000	—
Interest received		538,268	1,879,620
Proceeds from disposal of discontinued operations (incl. GST)		33,000,000	—
Payments for equity instruments		(3,593,100)	(1,557,584)
Receipts from equity instruments		5,945,042	860,217
Investment in joint venture		(2,896,862)	—
Net cash generated by / (used in) investing activities		<u>28,958,855</u>	<u>(7,500,031)</u>
Cash flows from financing activities			
Share issue costs		(2,520)	(4,117)
Amounts received for security deposits		43,000	—
Dividends paid		—	(10,890,338)
Lease payments		(683,113)	(645,884)
Interest and other finance costs paid		(60,449)	(63,185)
Net cash used in financing activities		<u>(703,082)</u>	<u>(11,603,524)</u>
Net increase/(decrease) in cash and cash equivalents		16,911,221	(32,418,325)
Cash and cash equivalents at the beginning of the financial year		77,043,016	109,462,006
Effect of exchange rates on cash balances		29,837	(665)
Cash and cash equivalents at the end of the financial year		<u>93,984,074</u>	<u>77,043,016</u>
Less: cash and cash equivalents at the end of the financial year – discontinued operations		<u>(86,937)</u>	<u>—</u>
Cash and cash equivalents at the end of the financial year – continuing operations	28(a)	<u><u>93,897,137</u></u>	<u><u>77,043,016</u></u>

This consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Index to Notes to the consolidated financial statements

Note	Contents
1	General information
2	Significant accounting policies
3	Critical accounting judgments and key sources of estimation uncertainty
4	Parent entity disclosure
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1. General information

Neometals Ltd is a limited public company incorporated in Australia and listed on the Australian Securities Exchange. The principal activities of the Consolidated Entity are mineral exploration. Neometals Ltd is the ultimate parent.

Registered office and principal place of business

Level 1, 1292 Hay St, West Perth WA 6005

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Consolidated Entity, comprising Neometals Ltd and its controlled entities. For the purpose of preparing the financial statements the consolidated entity is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (**IFRS**).

The financial statements were authorised for issue by the directors of Neometals Ltd on 29 September 2021.

Basis of preparation

The financial report has been prepared on a going concern basis. The accounting policies adopted are consistent with those adopted and disclosed in the Consolidated Entity's 2020 Annual Financial Report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with IRFS.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards (**AASB**) that are relevant to its operations and effective for the current reporting period beginning 1 July 2020.

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-financial assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Certain comparative amounts have been re-presented to conform with the current period's presentation to better reflect the nature of the financial position and performance of the Group, in particular:

- On 1 July 2021, Neometals announced intention to demerge Mt Edwards Nickel Project into a new company "Widgie Nickel Limited". Therefore, at 30 June 2021, Mt Edwards Lithium Pty Ltd was classified as a non-current asset held for sale as disclosed in Note 6. In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the Group has:
 - presented the loss from Mt Edwards Lithium separately from its continuing operations in its Consolidated Statement of Profit or Loss and Other Comprehensive Income in the current year and restated the prior year. Refer to Note 6 for further details;
 - presented the assets and liabilities of Mt Edwards Lithium as held for sale separately from other assets and liabilities in the Consolidated Statement of Financial Position as at 30 June 2021 with no re-presentation of amounts presented in the prior period. Refer to Note 6 for further details; and

- continued to present the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows including both continuing operations and discontinued operations.

Going concern

The Directors believe that Neometals Ltd will continue as a going concern, and as a result the financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

In the event that the company progress any of the Group's core projects through to construction of a commercial plant, the Board are aware that additional funding will required at that point through debt or equity financing arrangements.

The Directors believe that, based on current conditions and performance assumptions, that Neometals Ltd is sufficiently funded to meet its anticipated near-term funding needs, including required expenditure related to operations over the next 12 months.

Standards and interpretations adopted in the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

Standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2021:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"> • AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128' 	1 January 2022	30 June 2023
<ul style="list-style-type: none"> • AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian 	1 January 2022	30 June 2023

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date		
<ul style="list-style-type: none"> ● AASB 17 Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts 	1 January 2023	30 June 2024
<ul style="list-style-type: none"> ● AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates 	1 January 2023	30 June 2024

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. The Company is assessing the impact of the new standards, however does not expect them to have a material impact on the Company in the current of future reporting periods and on foreseeable future transactions.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgments in applying the entity's accounting policies, and key sources of estimation uncertainty.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash comprises cash on hand and term deposits with a 30 day cancellation policy. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Neometals Ltd's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial assets

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

Financial instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost using the effective interest rate method or at cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices in an active market are used to determine fair value where possible. The group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Amortised cost instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

By default, all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income 'FVOCI' or through the income statement 'FVTPL') and those to be held at amortised cost. The classification depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt and equity instruments that are measured at amortised cost, FVTPL or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises lifetime ECL (expected credit loss) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit

losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 'Financial Instruments' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(e) Goods and service tax

Other income, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Non-current assets held for sale

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

(g) Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit and loss statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or gain on a bargain purchase.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Neometals Ltd is the head entity in the tax-consolidated group. Income tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a 'group allocation' approach based on the allocation specified in the tax funding arrangement.

The tax funding arrangement requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax consolidated group are treated as having no consequence. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent and the other members of the tax consolidated group in accordance with the arrangement.

Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from the unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from, or distribution to, equity participants.

Research & Development Tax offset

In respect of Research and Development tax offsets, the Income tax approach (AASB 112) of accounting has been utilised, where the tax benefit is presented within the tax line in the Statement of Comprehensive Income.

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditures, excluding general overhead, in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied;

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs for each area of interest (considered to be the cash generating unit) are reviewed each reporting date to test whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). The recoverable amount for capitalised exploration costs has been determined as the fair value less costs to sell by reference to an active market. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to capitalised development and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Development expenditure

Development expenditure is recognised at cost less any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the life of the reserves associated with the area of interest. Changes in factors such as estimates of proved and probable reserves that effect unit-of-production calculations are dealt with on a prospective basis.

(j) Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. A list of subsidiaries appears in note 24 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to profit and loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(l) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a diminishing value basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Furniture & Fittings	5-20 years
Plant and Equipment	2-10 years
Buildings	10-20 years

An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(m) Intangibles

Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Research and development

Research expenditure is recognised as an expense as incurred. Development expenditure is recognised as an asset as incurred if the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Research and development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Provision for onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(o) Income recognition

Other income is measured at the fair value of the consideration received or receivable.

Dividend and interest revenue

Dividend revenue from investments is recognised when the Shareholder's right to receive the payment has been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(p) Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

(q) Share-based payments

Equity-settled share-based payments to employees and others providing services to the Group are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest, with a corresponding increase in equity.

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counter party renders the service. The fair value of performance rights are measured using a Monte Carlo Simulation.

(r) Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

(s) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgments in applying the entity's accounting policies

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Recovery of capitalised exploration and evaluation expenditure

The Group capitalises exploration and evaluation expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

(b) Share-based payments

Equity-settled share-based payments granted are measured at fair value at the date of grant. The fair value of share options is measured by use of the Monte Carlo model and requires substantial judgement. Management has made its best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

The fair value of performance rights issued during the period was made with reference to the Company's closing share price on the date of grant. Management has been required to estimate the probability that the Company will meet the performance criteria determined by the board.

3.2 Key areas of estimation uncertainty

The following are key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Onerous Contract

The Company has an onerous contract which relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Group's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

The estimates for the remaining term are subject to Management's judgement and could change in future periods.

4. Parent entity disclosure

	2021 \$	2020 \$
Financial Position		
Assets		
Current assets	93,717,178	76,700,157
Non-current assets	32,165,354	29,512,286
Total assets	125,882,532	106,212,443
Liabilities		
Current liabilities	5,896,458	2,670,853
Non-current liabilities	660,491	1,001,430
Total liabilities	6,556,949	3,672,283
Net Assets	119,325,583	102,540,160
Equity		
Issued capital	154,634,998	154,437,267
Retained earnings	(43,331,178)	(59,245,600)
Reserves		
Share based payments	8,021,763	7,348,493
Total equity	119,325,583	102,540,160
Financial Performance		
Profit for the year	24,089,657	(19,666,892)
Other comprehensive income	—	—
Total comprehensive income	24,089,657	(7,220,061)
Guarantees entered into on behalf of subsidiaries⁽ⁱ⁾	4,000,000	4,000,000

(i) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd. The parent entity has provided security for a bank guarantee required under the contract for \$4.0 million. Refer to note 12 for details.

5. Profit/(loss) for the year continuing operations

	Note	2021 \$	2020 \$
(a) Income			
Income from operations consisted of the following items:			
Other income:			
Proceeds from divestment of RIM offtake ⁽ⁱ⁾		30,000,000	—
Net fair value gain on financial assets ⁽ⁱⁱ⁾		4,780,371	72,300
Other income		1,040,978	359,254
Interest revenue		527,398	1,630,841
		<u>36,348,747</u>	<u>2,062,395</u>
(b) Profit / (loss) before income tax			
Profit / (loss) before income tax has been arrived at after charging the following expenses:			
Employee benefits expense:			
Equity settled share-based payments	18	(873,520)	(924,147)
Superannuation expense		(401,560)	(382,778)
Employee salaries		(5,604,227)	(5,317,015)
		<u>(6,879,307)</u>	<u>(6,623,940)</u>
Administration expenses:			
Legal fees		(1,109,728)	(598,655)
Consultant fees		(488,530)	(566,117)
Insurances		(393,788)	(386,798)
Other		(1,649,940)	(1,909,958)
		<u>(3,641,986)</u>	<u>(3,461,528)</u>
Impairments:			
Impairment reversal/(expense) of associate	23	1,678,210	(3,531,047)
Impairment of property, plant, and equipment	14	—	(501,963)
Impairment of intangibles		—	(549,282)
Impairment of other assets		—	(14,643)
		<u>1,678,210</u>	<u>(4,596,935)</u>
Other expenses:			
Research and development expenditure		(3,127,325)	(3,572,177)
Consultancy costs		(604,961)	(866,759)
Depreciation of non-current assets		(598,613)	(754,970)
Other expenses		(942,281)	(1,039,692)
Re-measurement of onerous contract	16	—	(28,841)
		<u>(5,273,180)</u>	<u>(6,262,439)</u>

(i) On 3 June 2021, Neometals Ltd accepted an offer from Reed Industrial Minerals Pty Ltd (RIM) to relinquish its Mt Marion spodumene offtake option rights for the sum of A\$30 million (ex GST).

(ii) Refer to note 12 for further details on financial assets.

6. Discontinued operations

- (i) On 1 July 2021, Neometals announced intention to demerge Mt Edwards Nickel Project into a new company "Widgie Nickel Limited". Therefore, at 30 June 2021, Mt Edwards Lithium Pty Ltd was classified as a non-current asset held for sale. The results of the discontinued operation which have been included in the financial statements for the year were as follows:

	2021 \$
Results of discontinued operations	
Loss from discontinued operations	(85,789)
Cash flows from discontinued operations	
Cashflows from investing activities	(2,548,919)
Cashflows from operating activities	(85,789)
Effect on the financial position of the group	
Assets classified as held for sale	11,494,537
Liabilities associated with the assets classified as held for sale	(452,489)

7. Income taxes

	2021 \$	2020 \$
(a) Income tax benefit recognised in profit or loss		
Tax benefit comprises:		
Deferred tax expense / (benefit) relating to temporary differences	6,771,314	(4,097,614)
Other	(2,980)	311,031
Total tax expense / (benefit)	<u>6,768,334</u>	<u>(3,786,583)</u>
The prima facie income tax expense on pre-tax accounting profit from continuing operations reconciles to the income tax benefit in the financial statements as follows:		
Profit / (loss) before income tax	<u>20,976,747</u>	<u>(19,837,973)</u>
Income tax calculated at 30%	<u>6,293,024</u>	<u>(5,951,392)</u>
Effect of income and expenses that are not deductible in determining taxable profit	475,310	1,341,490
Tax losses not recognised	—	823,319
Income tax (benefit) / expense recognised	<u>6,768,334</u>	<u>(3,786,583)</u>
Refund of prior year R&D claim	<u>(2,220,548)</u>	<u>(1,497,697)</u>
Income tax expense / (benefit) recognised inclusive of R&D claim	<u>4,547,786</u>	<u>(5,284,280)</u>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable income under Australian tax law. There has been no change in the corporate tax rate during the reporting period.

(b) Deferred tax balances

The net deferred tax balance as presented in the statement of financial position is detailed below:

Deferred tax balances are presented in the statement of financial position as follows:

	2021 \$	2020 \$
Deferred tax liabilities	(15,331,073)	(13,559,164)
Deferred tax assets	8,562,739	13,559,164
Net deferred tax balance	(6,768,334)	—

(c) Deferred tax assets not brought to account

At 30 June 2021 the amount of tax losses not recognised was \$1,861,059 (June 2020: \$2,744,397).

Tax Consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Neometals Ltd. The members of the tax-consolidated group are identified at note 24.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Neometals Ltd and each of the entities in the tax consolidation group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax assets of the entity. Such amounts are reflected in amounts receivable from or payable to each entity in the tax consolidated group, and are eliminated on consolidation. The tax sharing agreement entered into between the members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's tax liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

8. Key management personnel compensation

Details of key management personnel compensation are provided on pages 32-41 of the Directors' Report.

The aggregate compensation made to key management personnel of the Group is set out below:

	2021 \$	2020 \$
Short-term employee benefits	2,502,996	2,249,546
Post-employment benefits	136,960	136,960
Share-based payments	534,054	623,492
	3,174,010	3,009,998

9. Share based payments

Neometals Ltd has an ownership based remuneration scheme for executives and employees.

Performance Rights Plan (PRP)

In accordance with the provisions of the PRP, as approved by Shareholders at the Company's AGM on 25 November 2020, employees, Non-Executive Directors and consultants may be offered performance rights at such times and on such terms as the board considers appropriate.

General terms of performance rights granted under the PRP:

- The performance rights will not be quoted on the ASX.
- Performance rights can only be granted to employees, Non-Executive Directors and consultants of the Company.
- Performance rights are transferable to eligible nominees.
- Performance rights not exercised on or before the vesting date will lapse.
- All shares allotted upon the vesting of performance rights rank equally in all respects to all previously issued shares.
- Performance rights confer no right to vote, attend meetings, participate in a distribution of profit or a return of capital or another participating rights or entitlements on the grantee unless and until the performance rights vest.

The following share-based payment arrangements in relation to performance rights were in existence at the end of the period:

2021	Grant date	Number	Vesting date/ Expiry date	Grant date share price	Probability factor	Fair value at grant date
C. Reed	10/08/2018	835,339	30/06/2021	0.32	n/a	0.25
J. Carone	10/08/2018	307,156	30/06/2021	0.32	n/a	0.25
M. Tamlin	10/08/2018	383,330	30/06/2021	0.32	n/a	0.25
D. Townsend	10/08/2018	368,587	30/06/2021	0.32	n/a	0.25
Staff and consultants	10/08/2018	739,501	30/06/2021	0.32	n/a	0.25
Staff and consultants	25/01/2019	356,797	30/06/2021	0.22	n/a	0.25
C. Reed	02/09/2019	1,233,021	30/06/2022	0.154	n/a	0.25
J. Carone	02/09/2019	493,335	30/06/2022	0.154	n/a	0.25
M. Tamlin	02/09/2019	559,711	30/06/2022	0.154	n/a	0.12
D. Townsend	02/09/2019	538,184	30/06/2022	0.154	n/a	0.12
Staff and consultants	02/09/2019	1,957,911	30/06/2022	0.154	n/a	0.12
C. Reed	07/12/2020	1,656,754	30/06/2023	0.230	n/a	0.18
J. Carone	07/12/2020	666,055	30/06/2023	0.230	n/a	0.18
M. Tamlin	07/12/2020	755,670	30/06/2023	0.230	n/a	0.18
D. Townsend	07/12/2020	726,605	30/06/2023	0.230	n/a	0.18
Staff and consultants	07/12/2020	4,005,618	30/06/2023	0.230	n/a	0.18
S. Cole	07/12/2020	207,962	30/06/2021	0.230	n/a	0.24
D. Ritchie	07/12/2020	49,911	30/06/2021	0.230	n/a	0.24
N. Streltsova	07/12/2020	49,911	30/06/2021	0.230	n/a	0.24
J. Purdie	07/12/2020	83,185	30/06/2021	0.230	n/a	0.24
L. Guthrie	07/12/2020	41,592	30/06/2021	0.230	n/a	0.24
Total		16,016,135				

The valuation of the Non-executive Directors performance rights has been based on the amount of their fees that have been forgone. The fair value of other KMP performance rights issued have been independently valued by a third party using a Monte Carlo simulation to determine fair value. The total expense recognised for the period arising from share-based payment transactions and accounted for as equity-settled share-based payment transactions is \$873,520 (2020: \$924,147).

The following reconciles the outstanding performance rights granted at the beginning and end of the financial year:

	2021	2020
	Performance Rights No.	Performance Rights No.
Balance at beginning of the financial year	11,098,052	6,274,181
Granted during the financial year as compensation	8,243,263	5,366,515
Vested during the financial year ⁽ⁱ⁾	(834,352)	(542,644)
Lapsed during the financial year ⁽ⁱⁱ⁾	(2,490,828)	—
Balance at the end of the financial year ⁽ⁱⁱⁱ⁾	16,016,135	11,098,052

(i) 834,352 shares in the Company were issued on vesting of performance rights (2020: 542,644).

(ii) 2,490,828 performance rights lapsed during the financial year (2020: Nil).

(iii) Subject to the satisfaction of certain retention and performance conditions 3,025,130 performance rights vest at the end of the year (2020: 584,353)

10. Dividends on equity instruments

	2021	2020
	\$	\$
Declared and paid during the year:		
Dividends paid on ordinary shares:		
There were no dividends paid in 2021. On 20 March 2020, the directors declared a partially franked dividend of 2 cent per share, .0014 cent franked and 0.0186 cent unfranked to the holders of fully paid ordinary shares, paid to Shareholders on 3 April 2020.	—	10,890,338

The dividend franking account has a balance of \$3,710 as at 30 June 2021 (2020: \$3,710).

11. Trade and other receivables

	2021	2020
	\$	\$
Current		
Other receivables	285,448	170,803
Prepayments	256,753	214,410
Total	542,201	385,213

12. Other financial assets

	2021 \$	2020 \$
Current		
Financial assets measured at FVTPL ⁽ⁱ⁾	1,938,368	1,149,757
Rental bond term deposit	—	43,000
Total Current	1,938,368	1,192,757
Non-current		
Financial assets measured at FVTPL ⁽ⁱⁱ⁾	3,611,000	1,196,000
Barrambie Gas term deposit ⁽ⁱⁱⁱ⁾	4,000,000	4,000,000
Rental bond term deposit	200,000	200,000
Total Non-current	7,811,000	5,396,000
Total	9,749,368	6,588,757

- (i) The Group has invested in a portfolio of listed shares which are held for trading. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The valuation technique and key inputs used to determine the fair value are quoted bid prices in an active market.
- (ii) The Group has invested in a portfolio of non-listed shares which are not actively traded. Within this balance, Neometals has an equity interest in Critical Metals Limited. As (unadjusted) quoted prices in active markets are unavailable, consideration is given to precedent transactions involving the sale of the company's shares, as a basis to assess the value of the equity investment.
- (iii) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is a party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd (DBP) in relation to the Barrambie Project. As part of the agreement the Group was required to provide security by way of a \$4.0 million bank guarantee. Although the guarantee sits at \$4.0 million, this is security against the provision at note 16, which is less than \$1.0 million.

13. Exploration and evaluation expenditure

	Consolidated Capitalised exploration and evaluation expenditure \$
Gross carrying amount	
Balance at 1 July 2019	42,743,826
Additions	7,075,815
Balance at 30 June 2020	49,819,641
Additions	3,659,265
Balance transferred to asset held for sale	(11,399,352)
Balance at 30 June 2021	42,079,554
Accumulated amortisation and impairment	
Balance at 1 July 2019	5,760,720
Amortisation expense	—
Impairment expense	—
Expenditure written off	—
Balance at 1 July 2020	5,760,720
Amortisation expense	—
Impairment expense	—
Expenditure written off	—
Balance at 30 June 2021	5,760,720
Net book value	
As at 30 June 2020	44,058,921
As at 30 June 2021	36,318,834

The recovery of exploration expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploration, or alternatively their sale.

14. Property, plant and equipment

	Consolidated Plant and equipment at cost \$
Gross carrying amount	
Balance at 1 July 2019	2,026,324
Additions	890,293
Disposals	(33,908)
Impairments	(501,963)
Balance at 1 July 2020	2,380,746
Additions	184,576
Disposals	(683,574)
Transfers to property, plant and equipment	(15,952)
Write offs	(843,599)
Balance at 30 June 2021	1,022,197
Accumulated depreciation	
Balance at 1 July 2019	251,804
Disposals and write offs	(51,705)
Depreciation expense	168,716
Balance at 1 July 2020	368,815
Disposals and write offs	(102,708)
Depreciation expense	165,375
Balance at 30 June 2021	431,482
Net book value	
As at 30 June 2020	2,011,931
As at 30 June 2021	590,715

15. Trade and other payables

	2021 \$	2020 \$
Trade payables	975,405	856,396
Accrued expenses	1,354,900	1,291,929
GST Payable	2,914,883	—
Other	—	34,461
	5,245,188	2,182,786

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to help ensure that all payables are paid within the settlement terms.

16. Provisions

	2021 \$	2020 \$
Current		
Annual leave	517,977	478,202
Long service leave	286,009	224,036
Other (a)	468,698	468,697
	<u>1,272,684</u>	<u>1,170,935</u>
Non-current		
Rehabilitation provision ⁽ⁱ⁾	—	398,000
Other (a)	455,476	928,359
	<u>455,476</u>	<u>1,326,359</u>
	<u>1,728,160</u>	<u>2,497,294</u>

(i) Refer to note 6 for further details

(a) Detail of movement in other provisions

2021	Onerous Contracts ⁽ⁱⁱ⁾ \$
Balance at 1 July 2020	1,397,056
Reductions arising from payments	(472,882)
Increase resulting from re-measurement	—
Balance at 30 June 2021	<u>924,174</u>
Comprised of:	
Current provision	468,698
Non-current provision	455,476
	<u>924,174</u>

(ii) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

2020	Onerous Contracts⁽ⁱⁱ⁾ \$
Balance at 1 July 2019	1,937,202
Reductions arising from payments	(568,987)
Increase resulting from re-measurement	28,841
Balance at 30 June 2020	1,397,056
Comprised of:	
Current provision	468,697
Non-current provision	928,359
	1,397,056

(ii) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

17. Issued capital

	2021 \$	2020 \$
545,351,266 fully paid ordinary shares (2020: 544,516,913)	154,634,997	154,437,267

	2021		2020	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	544,516,913	154,437,267	543,974,269	154,264,634
Share issue costs	—	(2,520)	—	(4,117)
Other share based payments	834,353	200,250	542,644	176,750
Balance at the end of the financial year	545,351,266	154,634,997	544,516,913	154,437,267

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

At balance date there were no share options in existence over ordinary shares (2020: nil).

Performance rights

At balance date there were 16,016,135 performance rights in existence over ordinary shares (2020: 11,098,052).

18. Reserves

The share-benefits reserve arises on the grant of share options and performance rights for the provision of services by consultants and to executives and employees under the employee share option plan, performance rights plan, employment contracts or as approved by Shareholders. Amounts are transferred out of the reserve and into issued capital when the options are exercised or when shares are issued pursuant to the terms of the performance rights. Further information about share-based payments to employees is provided in note 9 to the financial statements.

	2021	2020
	\$	\$
Share based payments reserve:		
Balance at the beginning of the financial year	7,048,144	6,300,747
Increase in share based payments	873,520	924,147
Amounts transferred to share capital on exercise	(200,250)	(176,750)
Balance at the end of the financial year	7,721,414	7,048,144
Convertible note reserve:		
Balance at the beginning of the financial year	300,349	300,349
Balance at the end of the financial year	300,349	300,349
Investment revaluation reserve:		
Balance at the beginning of the financial year	1,019,637	1,019,637
Balance at the end of the financial year	1,019,637	1,019,637
Total Reserves	9,041,400	8,368,130

19. Earnings per share

	2021	2020
	Cents per share	Cents per share
Basic earnings per share:		
Continuing operations	3.01	(2.67)
Continuing and discontinued operations	3.00	(2.67)
Diluted earnings per share:		
Continuing operations	3.01	(2.67)
Continuing and discontinued operations	3.00	(2.67)

Basic and diluted profit / (loss) per share

The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic and diluted profit / (loss) per share are as follows:

	2021 \$	2020 \$
Profit / (loss) ^(a)		
Continuing operations	16,428,961	(14,553,693)
Continuing and discontinued operations	16,343,172	(14,553,693)

	2021 No.	2020 No.
Weighted average number of ordinary shares for the purpose of basic profit / (loss) per share	545,351,266	544,516,913
Weighted average number of ordinary shares for the purpose of diluted profit / (loss) per share	545,351,266	544,516,913

(a) Profit / (loss) used in the calculation of profit / (loss) per share reconciles to net loss in the consolidated statement of comprehensive income.

20. Commitments for expenditure

(a) Exploration and evaluation expenditure commitments

The Consolidated Entity holds mineral exploration licences in order for it to undertake its exploration and evaluation activities. To continue to hold tenure over these areas the Group is required to undertake a minimum level of expenditure on or in relation to the leases. Minimum expenditure commitments for the exploration and mining leases for the 2022 financial year are outlined in the table below.

	2021 \$	2020 \$
<u>Exploration expenditure commitments</u>		
Not longer than 1 year ⁽ⁱ⁾	1,448,020	2,110,369

(i) Due to the nature of this expenditure, in that the expenditure commitments may be reduced by the relinquishment of tenements, estimates for the commitment have not been forecast beyond June 2022.

(b) Other

As referred to in note 16 (i) to the accounts, Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, previously entered into a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd for the Barrambie Project. As part of the agreement the Group was required to procure a "blocked" term deposit for \$4.0 million (30 June 2020: \$4.0 million) as security over the obligation, as detailed in note 16, which approximates the present value of the Group's commitment under the agreement. The obligations under the gas transmission agreement commenced on 1 July 2010.

In addition, \$275,000 has been committed to the Primobius JV as part of ongoing funding requirements.

21. Leases

Leasing arrangements

Leases relate to the lease of commercial premises in West Perth, Welshpool and a photocopier. The lease agreement for the Company's West Perth premises was entered into on 1 July 2019 for a 48 month period expiring on 30 June 2023. The lease of the Canadian branch premises was entered into on 1 May 2016 for a 60 month period expiring on 30 April 2021. The lease of a photocopier is for a period of 48 months expiring in June 2022. The commitments are based on the fixed monthly lease payment.

	30 June 2021		
Right-of-use assets	Buildings	Equipment	Total
	\$	\$	\$
Cost	850,982	17,473	868,455
Accumulated Depreciation	(296,146)	(8,737)	(304,883)
Carrying Amount	<u>554,836</u>	<u>8,736</u>	<u>563,572</u>

	30 June 2021		
Lease liability	Buildings	Equipment	Total
	\$	\$	\$
Current	354,468	9,044	363,512
Non-current	336,398	—	336,398
Total	<u><u>690,866</u></u>	<u><u>9,044</u></u>	<u><u>699,910</u></u>

	30 June 2020		
Right-of-use assets	Buildings	Equipment	Total
	\$	\$	\$
Cost	1,605,014	26,210	1,631,224
Accumulated Depreciation	(577,518)	(8,737)	(586,255)
Carrying Amount	<u>1,027,496</u>	<u>17,473</u>	<u>1,044,969</u>

	30 June 2020		
Lease liability	Buildings	Equipment	Total
	\$	\$	\$
Current	492,145	8,733	500,878
Non-current	712,810	9,044	721,854
Total	<u><u>1,204,955</u></u>	<u><u>17,777</u></u>	<u><u>1,222,732</u></u>

	2021 \$	2020 \$
Amounts recognised in profit and loss		
Depreciation expense on right-of-use asset	440,566	586,255
Interest expense on lease liabilities	33,259	50,570
	<u>473,825</u>	<u>636,825</u>

22. Joint arrangements

Name of operation	Principal activity	Interest	
		2021 %	2020 %
Reed Advanced Materials Pty Ltd ⁽ⁱ⁾	Evaluation of lithium hydroxide process	70	70

The Consolidated Entity's interest in assets employed in the above joint venture is detailed below.

(i) Reed Advanced Materials Pty Ltd (RAM)

On 6 October 2015 Neometals and Process Minerals International Pty Ltd entered into a Shareholders agreement for the purposes of establishing and operating a joint venture arrangement through RAM to operate a business of researching, designing and developing the capabilities and technology relating to the processing of lithium hydroxide. Following the execution of the Shareholders agreement RAM was held 70:30 between Neometals and Process Minerals International.

	2021 \$	2020 \$
Summarised financial information for the joint venture:		
Carrying value of investment in the joint venture	1	1
Loan to joint venture	70,000	—
	<u>66,727</u>	<u>21,413</u>
Share of loss of joint venture not recognised in profit or loss	66,727	21,413
	<u>64,498</u>	<u>177,801</u>
Current assets	64,498	177,801
Non-current assets	534,024	444,967
Current liabilities	(16,501)	(2,709)
Non-current liabilities	(2,251,568)	(2,176,568)

Name of operation	Principal activity	Interest
		2021 %
Primobius GmbH ⁽ⁱ⁾	Lithium battery recycling project	50

The Consolidated Entity's interest in assets employed in the above joint venture is detailed below.

(ii) Primobius GmbH

On 31 July 2020, Neometals and SMS Group GmbH entered into a formal agreement to establish a 50:50 JV ('Primobius GmbH') to commercialise Neometals proprietary lithium battery recycling process.

Summarised financial information for the joint venture:	2021
	\$
Carrying value of investment in the joint venture	2,811,339
Share of loss of joint venture recognised in profit or loss	(85,525)
Current assets	2,868,142
Non-current assets	3,658,262
Current liabilities	(678,386)
Non-current liabilities	(7,911)

23. Investment in associate

(i) Hannans Limited

Name of operation	Principal activity	Interest	
		2021	2020
		%	%
Hannans Limited	Exploration of nickel and lithium	31.74	35.5

The above associate is accounted for using the equity method in this consolidated financial report.

Summarised information for the associate:

	2021	2020
	\$	\$
Opening carrying value of investment in associate	3,531,048	7,062,095
Shares sold at fair value	(239,725)	—
Share of profit/(loss) of associate recognised in profit or loss ⁽ⁱ⁾	(99,967)	—
Impairment reversal ⁽ⁱⁱ⁾	1,678,210	(3,531,047)
Closing carrying value of investment in associate	4,869,566	3,531,048

(i) The equity accounted share of the associate's loss as adjusted as if applying the same accounting policies as Neometals is credited against the carrying value of the investment in the associate.

(ii) In the current financial year, the impairment previously recognised in the carrying value of the investment in associate has been reversed to reflect the carrying value on a per share basis.

	2021	2020
	No.	No.
Shares held in Hannans Limited	749,164,028	706,209,483

24. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2021 %	2020 %
Parent entity			
Neometals Ltd	Australia		
Subsidiaries			
Australian Titanium Pty Ltd (formerly Australian Vanadium Corporation (Holdings) Pty Ltd)	Australia	100	100
Alphamet Management Pty Ltd (formerly Australian Vanadium Corporation (Investments) Pty Ltd)	Australia	100	100
Inneovation Pty Ltd (formerly Australian Vanadium Exploration Pty Ltd)	Australia	100	100
Neometals Energy Pty Ltd (formerly Barrambie Gas Pty Ltd)	Australia	100	100
Neomaterials Pty Ltd (formerly GMK Administration Pty Ltd)	Australia	100	100
Neometals Investments Pty Ltd (formerly Gold Mines of Kalgoorlie Pty Ltd)	Australia	100	100
Urban Mining Pty Ltd (formerly Mount Finnerty Pty Ltd)	Australia	100	100
Adamant Technologies Pty Ltd	Australia	100	100
Mt Edwards Lithium Pty Ltd	Australia	100	100
Avanti Materials Ltd	Australia	100	100
ACN 630 589 507 Pty Ltd	Australia	100	100
Ecometals Pty Ltd	Australia	100	N/A
Widgie Nickel Pty Ltd	Australia	100	N/A

All of these companies are members of a tax consolidated group. Neometals Ltd is the head entity of the tax consolidated group.

25. Segment information

Basis for segmentation

AASB 8 *Operating Segments* requires the presentation of information based on the components of the entity that management regularly reviews for its operational decision making. This review process is carried out by the Chief Operating Decision Maker (**CODM**) for the purpose of allocating resources and assessing the performance of each segment. The amounts reported for each operating segment is the same measure reviewed by the CODM in allocating resources and assessing performance of that segment.

For management purposes, the Group operates under three operating segments comprised of the Group's lithium, titanium/vanadium and 'other segments' which comprises other minor exploration projects and mineral process technology businesses. The titanium/vanadium operating segment is separately identified given it possess different competitive and operating risks and meets the quantitative criteria as set out in the AASB 8. Previously the Group operated under two reportable operating segments comprised of the Group's titanium/vanadium and 'other segments' which comprises the Mount Marion lithium project and other minor exploration projects. The 'other segments' category is the aggregation of all remaining operating segments given sufficient reportable operating segments have been identified.

The segment information reported on the next page does not include any amounts for this discontinued operation for the current and prior periods, which is described in more detail in note 6.

For the year ended 30 June 2021

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Revenue from external customers	—	—	—	—	—
Cost of sales	—	—	—	—	—
Gross profit/(loss)	—	—	—	—	—
Other income	30,078,874	5,399	4,780,371	1,484,103	36,348,747
Expenditure written off / impairments	—	(740,893)	1,578,243	—	837,350
Depreciation and amortisation	—	(206,891)	—	(391,722)	(598,613)
Share of loss of JV and associate	(85,525)	—	(99,967)	—	(185,492)
Total expenses	(2,161,077)	(3,982,170)	(63,349)	(9,218,649)	(15,425,245)
Profit/(loss) before tax	27,832,272	(4,924,555)	6,195,298	(8,126,268)	20,976,747
Loss for the year from discontinued operations	—	—	(85,789)	—	(85,789)
Income tax expense	—	—	—	(4,547,786)	(4,547,786)
Consolidated profit/(loss) after tax	27,832,272	(4,924,555)	6,109,509	(12,674,054)	16,343,172

As at 30 June 2021

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Increase/(decrease) in segment assets	(10,894,693)	(91,488)	16,038,260	6,259,280	11,311,359
Total segment assets	524,483	36,831,855	10,873,089	101,938,386	150,167,813
Assets classified as held for sale	—	—	11,494,537	—	11,494,537
Total assets	524,483	36,831,855	22,367,626	101,938,386	161,209,861

For the year ended 30 June 2020 (RESTATED)

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Revenue from external customers	—	—	—	—	—
Cost of sales	—	—	—	—	—
Gross profit/(loss)	—	—	—	—	—
Other income	348,641	3,433	72,300	1,638,021	2,062,395
Expenditure written off / impairments	(184,024)	(521,456)	(3,531,047)	(360,408)	(4,596,935)
Depreciation and amortisation	—	(285,443)	—	(469,527)	(754,970)
Total expenses	(3,739,865)	(2,766,043)	(12,316)	(10,002,976)	(16,521,200)
Profit/(loss) before tax	(3,575,248)	(3,569,509)	(3,471,063)	(9,194,890)	(19,810,710)
Loss for the year from discontinued operations	(27,263)	—	—	—	(27,263)
Income tax benefit	—	—	—	5,284,280	5,284,280
Consolidated profit/(loss) after tax	(3,602,511)	(3,569,509)	(3,471,063)	(3,910,610)	(14,553,693)

As at 30 June 2020

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Increase/(decrease) in segment assets	5,096,269	2,942,632	1,019,831	(31,492,164)	(22,433,432)
Impairment	(184,024)	(521,456)	(3,531,047)	(360,408)	(4,596,935)
Consolidated increase/(decrease) in segment assets	4,912,245	2,421,176	(2,511,216)	(31,852,572)	(27,030,367)
Total segment assets	1,819,249	36,708,688	5,876,877	82,353,822	126,758,636
Assets classified as held for sale	8,698,273	—	—	—	8,698,273
Total assets	10,517,522	36,708,688	5,876,877	82,353,822	135,456,909

Geographical information

The Group operates in a single geographical area being Australia (country of domicile).

26. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 24 to the financial statements.

Equity interests in joint arrangements

Details of the percentage of ordinary shares held in joint arrangements are disclosed in note 22 to the financial statements.

(b) Key management personnel remuneration

Details of Key Management Personnel remuneration are disclosed on pages 32-41 of the Remuneration Report.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Neometals Ltd

2021	Balance at 01/07/2020 No.	Balance on appointment No.	Received on exercise of perf rights No.	Net other change No.	Balance at 30/06/2021	Balance held nominally No.
Non-executive directors						
S. Cole	1,396,731	—	285,467	—	1,682,198	—
D. Ritchie	66,396	—	68,512	—	134,908	—
N. Streltsova	66,396	—	68,512	—	134,908	—
D. Reed	46,188,900	—	—	(6,600,000)	39,588,900	—
J. Purdie	101,000	—	114,187	—	215,187	—
L. Guthrie	85,605	—	47,675	30,395	163,675	—
Executive directors						
C. Reed ⁽ⁱ⁾	10,428,170	—	—	(3,720,981)	6,707,189	—
Other executives						
M. Tamlin ⁽ⁱ⁾	229,189	—	—	—	229,189	—
J. Carone ⁽ⁱ⁾	1,100,000	—	—	(700,000)	400,000	—
D. Townsend	163,605	—	—	108,800	272,405	—
Total	59,825,992	—	584,353	(10,881,786)	49,528,559	—

2020	Balance at 01/07/2019 No.	Balance on appointment No.	Received on exercise of perf rights No.	Net other change No.	Balance at 30/06/2020	Balance held nominally No.
Non-executive directors						
S. Cole	1,232,783	—	163,948	—	1,396,731	—
D. Ritchie	27,048	—	39,348	—	66,396	—
N. Streltsova	27,048	—	39,348	—	66,396	—
D. Reed	49,188,900	—	—	(3,000,000)	46,188,900	—
J. Purdie	44,248	—	56,752	—	101,000	—
L. Guthrie	25,000	—	60,605	—	85,605	—
Executive directors						
C. Reed	10,228,170	—	—	200,000	10,428,170	—
Other executives						
M. Tamlin	979,189	—	—	(750,000)	229,189	—
J. Carone	1,450,000	—	—	(350,000)	1,100,000	—
D. Townsend	130,272	—	—	33,333	163,605	—
Total	63,332,658	—	360,001	(3,866,667)	59,825,992	—

Share options of Neometals Ltd

No options were issued to related parties during the current period (2020: nil).

Performance rights of Neometals Ltd

In the current reporting period the Company granted 4,237,645 (2020: 3,408,604) performance rights to executives and KMP pursuant to the Company's Performance Rights Plan.

Further details of performance rights granted are contained in note 9 to the financial statements.

Performance rights granted to related parties

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

During the Financial Year						
Name	Grant date	No. granted	No. vested	Fair value at grant date	Earliest exercise date	Consideration payable on exercise
KMP:						
N. Streltsova	7/12/2020	49,911	49,911	12,000	30/06/2021	—
D. Ritchie ⁽¹⁾	7/12/2020	49,911	49,911	12,000	30/06/2021	—
S. Cole ⁽¹⁾	7/12/2020	207,962	207,962	50,000	30/06/2021	—
J. Purdie	7/12/2020	83,185	83,185	20,000	30/06/2021	—
L. Guthrie	7/12/2020	41,592	41,592	10,000	30/06/2021	—
C. Reed ⁽²⁾	7/12/2020	1,656,754	—	299,872	30/06/2023	—
J. Carone ⁽²⁾	7/12/2020	666,055	—	120,556	30/06/2023	—
M. Tamlin ⁽²⁾	7/12/2020	755,670	—	136,776	30/06/2023	—
D. Townsend ⁽²⁾	7/12/2020	726,605	—	131,516	30/06/2023	—
Total		4,237,645	432,561	792,720		—

(1) At 30 June 2021 Non-Executive Directors became entitled to securities whose vesting conditions were the subject to the rules of the Performance Rights Plan.

(2) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

	Grant date	Fair value of rights at grant date \$	Granted No.	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Ordinary shares issued on exercise of rights No.
KMP:						
J. Carone ⁽¹⁾	03/10/2017	93,243	370,012	—	370,012	—
M. Tamlin ⁽¹⁾	03/10/2017	111,892	444,015	—	444,015	—
C. Reed ⁽¹⁾	11/12/2017	320,984	952,474	—	952,474	—
D. Townsend ⁽¹⁾	11/12/2017	149,633	444,015	—	444,015	—
C. Reed ⁽¹⁾	10/08/2018	209,252	835,339	668,271	—	—
J. Carone ⁽¹⁾	10/08/2018	76,943	307,156	245,725	—	—
M. Tamlin ⁽¹⁾	10/08/2018	96,024	383,330	306,664	—	—
D. Townsend ⁽¹⁾	10/08/2018	92,331	368,587	294,870	—	—
N. Streltsova ⁽²⁾	02/09/2019	12,000	68,512	—	—	68,512
D. Ritchie ⁽²⁾	02/09/2019	12,000	68,512	—	—	68,512
S. Cole ⁽²⁾	02/09/2019	50,000	285,467	—	—	285,467
J. Purdie ⁽²⁾	02/09/2019	20,000	114,187	—	—	114,187
L. Guthrie ⁽²⁾	02/09/2019	10,000	47,675	—	—	47,675
C. Reed ⁽¹⁾	02/09/2019	141,797	1,233,021	—	—	—
J. Carone ⁽¹⁾	02/09/2019	56,734	493,335	—	—	—
M. Tamlin ⁽¹⁾	02/09/2019	64,367	559,711	—	—	—
D. Townsend ⁽¹⁾	02/09/2019	61,891	538,184	—	—	—
N. Streltsova ⁽³⁾	07/12/2020	12,000	49,911	49,911	—	—
D. Ritchie ⁽³⁾	07/12/2020	12,000	49,911	49,911	—	—
S. Cole ⁽³⁾	07/12/2020	50,000	207,962	207,962	—	—
J. Purdie ⁽³⁾	07/12/2020	20,000	83,185	83,185	—	—
L. Guthrie ⁽³⁾	07/12/2020	10,000	41,592	41,592	—	—
C. Reed ⁽¹⁾	07/12/2020	299,872	1,656,754	—	—	—
J. Carone ⁽¹⁾	07/12/2020	120,556	666,055	—	—	—
M. Tamlin ⁽¹⁾	07/12/2020	136,776	755,670	—	—	—
D. Townsend ⁽¹⁾	07/12/2020	131,516	726,605	—	—	—
Total		2,371,811	11,751,177	1,948,091	2,210,516	584,353

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals TSR compared to the comparative group of companies over the 3-year period as set out in the employee's employment contract. As a result of the testing of the Company's performance over this period no rights vested and thus no shares were issued (2020: nil).

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to forgo part of their fees for their services in exchange for performance rights. At 30 June 2021 all performance rights have vested. As a result of the testing of the Company's performance over this period 584,352 rights vested and shares were issued (2020: 242,644).

(3) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights. At 30 June 2021 all performance rights have vested.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

(d) Transactions with other related parties

Other related parties include:

- The parent entity;
- Associates;
- Joint ventures in which the entity is a venturer;
- Subsidiaries;
- Key Management Personnel of the Group; and
- Other related parties.

Transactions involving the parent entity

The directors elected for wholly-owned Australian entities within the Group to be taxed as a single entity from 1 July 2003.

No other transactions occurred during the financial year between entities in the wholly owned Group.

(e) Controlling entities

The ultimate parent entity of the Group is Neometals Ltd, a company incorporated and domiciled in Australia.

27. Auditors remuneration

Details of the amounts paid or payable to the auditor for the audit and other assurance services during the year are as follows:

	2021 \$	2020 \$
Audit services – Deloitte Touche Tohmatsu		
Fees to the group auditor for the audit or review of the statutory financial reports of the Company, subsidiaries and joint operations	73,648	53,340
Fees for other assurance and agreed-upon procedures under other legislation or contractual arrangements	40,950	—
Total remuneration of Deloitte Touche Tohmatsu	114,598	53,340

28. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the statement of financial position as follows:

	2021 \$	2020 \$
Cash and cash equivalents	93,897,137	77,043,016
	93,897,137	77,043,016

(b) Funds not available for use

Restrictions exist on bank deposits with a total value of \$4,200,000. Deposits are classified as financial assets (see note 12).

Of the \$4,200,000 held in restricted bank deposits \$4,000,000 is held as security in relation to an unconditional performance bond issued by the National Australia Bank in favour of the Minister for State Development and DBNGP (WA) Transmission Pty Ltd (see note 16). In addition, the Group has \$200,000 on deposit as security for a rental bond relating to its leased business premises.

(c) Reconciliation of profit / (loss) for the period to net cash flows from operating activities

	2021	2020
	\$	\$
(Loss) / Profit for the year	<u>16,428,961</u>	<u>(14,553,693)</u>
Impairment (reversal)/expense	(1,678,210)	4,596,935
Profit on disposal of financial assets	(3,232,962)	(249,835)
Profit on the disposal of tenements	(200,000)	—
Profit on the disposal of offtake	(30,000,000)	—
Share of loss in associate	99,967	—
Share of loss in Joint Venture	85,525	—
Net (profit) / loss on financial assets measured at FVTPL	(1,547,409)	177,535
Interest received on investments	(527,398)	(1,630,841)
Finance costs recognised in profit or loss	63,310	63,185
Depreciation and amortisation of non-current assets	598,613	754,970
Equity settled share-based payment	873,520	924,147
Net foreign exchange (gain)/loss	(29,837)	665
(Increase) / decrease in assets:		
Current receivables	(165,238)	242,386
Other	(79,060)	(107,835)
Increase / (decrease) in liabilities:		
Current payables	622,702	238,140
Deferred tax liability	6,768,334	(3,786,582)
Provisions	574,630	16,053
Net Cash used in operating activities	<u><u>(11,344,552)</u></u>	<u><u>(13,314,770)</u></u>

29. Financial instruments

(a) Financial risk management objectives

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Interest rate risk

The following tables detail the Group's exposure to interest rate risk:

2021	Weighted average effective interest rate %	Variable interest rate %	Maturity dates			Non interest bearing \$	Total \$
			Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets:							
Cash and cash equivalents AUD	0.33%	—	97,304,363	—	—	—	97,304,363
Cash and cash equivalents CAD	0.00%	—	34,652	—	—	—	34,652
Cash and cash equivalents EUR	0.00%	—	535,029	—	—	—	535,029
Cash and cash equivalents USD	0.00%	—	297,156	—	—	—	297,156
Barrambie Gas term deposit ⁽ⁱ⁾	0.29%	—	4,000,000	—	—	—	4,000,000
Bond term deposits ⁽ⁱ⁾	0.40%	—	200,000	—	—	—	200,000
Cash deposits trust	0.73%	—	2,073,227	—	—	—	2,073,227
Trade and other receivables	0.00%	—	—	—	—	385,213	385,213
Financial liabilities:							
Trade payables ⁽ⁱⁱ⁾	—	—	—	—	—	5,245,188	5,245,188
Lease liability	3.50%	—	363,512	336,398	—	—	699,910

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period as other financial assets. Additional information on all other term deposits is provided at notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

(ii) Non interest bearing liabilities are due within 30 days.

2020	Weighted average effective interest rate %	Variable interest rate %	Maturity dates			Non interest bearing \$	Total \$
			Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets:							
Cash and cash equivalents AUD	0.92%	—	74,640,987	—	—	—	74,640,987
Cash and cash equivalents CAD	0.00%	—	46,563	—	—	—	46,563
Cash and cash equivalents USD	0.00%	—	297,277	—	—	—	297,277
Barrambie Gas term deposit ⁽ⁱ⁾	1.00%	—	4,000,000	—	—	—	4,000,000
Bond term deposits ⁽ⁱ⁾	1.14%	—	243,000	—	—	—	243,000
Cash deposits trust	1.57%	—	2,058,189	—	—	—	2,058,189
Trade and other receivables	0.00%	—	—	—	—	385,213	385,213
Financial liabilities:							
Trade payables	—	—	—	—	—	856,396	856,396
Lease liabilities	3.50%	—	500,878	721,854	—	—	1,222,732

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period as other financial assets. Additional information on all other term deposits is provided at notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

(d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than the Joint Venture. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The undiscounted lease liabilities balance is \$725,018, split between \$382,210 with a maturity date of less than 1 year and \$342,808 with a maturity date of 1-5 years.

In addition to financial liabilities in note 15, the Company is required to meet minimum spend commitments to maintain the tenure over the Company's mineral exploration areas as described in note 20.

(f) Fair value

The carrying amount of financial assets measured at amortised cost recorded in the financial statements approximates their respective fair values.

Financial assets carried at fair value through profit or loss comprise investments predominantly in Australian listed equities. Their fair value is determined using key inputs of quoted bid prices in an active market multiplied by the number of shares held, which is Level 1 in the fair value hierarchy. Where quoted prices in an active market are unable to be used to determine fair value, alternative valuation methods are used to most accurately represent the equities fair value which for the investments held by the entity include other observable inputs and is therefore categorised as level 2 on the fair value hierarchy. The group does not have any instruments or investments measured using level 3 of the fair value hierarchy. Other than the investments held at fair value, the group does not hold any instruments that are measured at fair value. There have been no transfers between fair value classes during the year. The sensitivity analysis below has been calculated based on the exposure to equity price risk at the end of the reporting period for financial assets carried at fair value through profit or loss. A 25 per cent. increase and decrease has been used to assess the sensitivity of the equity price risk and represents management's assessment of a reasonably possible change in equity pricing.

(g) Capital management

The board's policy is to endeavour to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group sources any additional funding requirements from either debt or equity markets depending on the market conditions at the time the funds are sourced and the purpose for which the funds are to be used. The Group is not subject to externally imposed capital requirements.

(h) Interest rate risk management

The Group is exposed to interest rate risk as the Group has funds on deposit as security for the head office lease and the Neometals Energy Pty Ltd onerous contract outlined at note 16.

The sensitivity analysis below has been calculated based on the exposure to interest rates at the end of the reporting period. A 50 basis point increase and decrease has been used when reporting the interest rate risk and represents management's assessment of the potential change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2021 would decrease/increase by \$490,856 (2020: decrease/increase \$406,430). This is mainly attributable to the Group's exposure to interest rates on the maturity of its term deposits.

30. Events after the reporting period

On 18 August 2021, Neometals Shareholders approved the demerger of Widgie Nickel Limited, a dedicated nickel exploration and development company holding Mt Edwards nickel assets. The demerged entity listed on the ASX on 22 September 2021.

On 30 August 2021, Neometals announced that its memorandum of understanding with Indian company Manikaran Power Limited to jointly fund the evaluation of developing an Indian lithium refinery had been terminated.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent financial years.

Appendix A

Remuneration Report (audited) for the year ended 30 June 2021

Remuneration Report (audited)

Key Management Personnel

The following persons were deemed to be Key Management Personnel (“KMP”) during or since the end of the financial year for the purpose of Section 300A of the Corporations Act 2001 and unless otherwise stated were KMP for the entire reporting period.

Non-executive Directors

- Steven Cole Non-executive Director/Chairman
- David Reed Non-executive Director/Deputy Chairman
- Natalia Streltsova Non-executive Director
- Douglas Ritchie Non-executive Director
- Jenny Purdie Non-executive Director
- Les Guthrie Non-executive Director

Executive Directors

- Christopher Reed Managing Director and CEO

Other executives

- Jason Carone Chief Financial Officer and Company Secretary
- Michael Tamlin Chief Operating Officer
- Darren Townsend Chief Development Officer

Remuneration policy for key management personnel

Non-executive directors

The board’s policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee on behalf of the board determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, shareholder sentiment, board workload, company cashflow capacity and corporate performance generally. Independent external advice and/or benchmark comparisons are sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is \$600,000 as approved by shareholders at the Annual General Meeting on 27 November 2015. Fees for Non-executive Directors are not linked to the performance of the economic entity. However, to align Directors’ interests with shareholder interests, the Directors are encouraged to hold shares in the Company and invited to salary sacrifice fees for performance rights pursuant to the company’s Performance Rights Plan (“PRP”).

General

The remuneration policy for employees is developed by the Remuneration Committee taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The Company adopted a revised PRP for its staff, executive KMP and Non-executive Directors in November 2020 and shareholders reapproved the issue of securities under the plan in November 2020. The board believes that the PRP will assist the Consolidated Entity in remunerating and providing ongoing incentives to employees of the Group.

The rules of the PRP enable the Company to issue performance rights to eligible personnel subject to performance and vesting conditions determined by the Company. Each performance right entitles the holder, for nil cash consideration, to one fully paid ordinary share in the Company for every performance right offered, if the applicable performance and vesting conditions set for that holder are satisfied.

During the financial year a total of 4,237,645 (2020: 3,408,604) performance rights were offered to and accepted by KMP. Of this amount 3,805,084 performance rights are subject to relative and absolute Total Shareholder Return (“TSR”) and other strategic hurdles, details of which can be

found in the “Service agreements – performance based remuneration” section below. Testing undertaken for the period ended 31 December 2020 resulted in no performance rights subject to the TSR criteria vesting. Testing undertaken for the period ended 30 June 2021 resulted in 80% or 1,948,091 performance rights subject to the TSR criteria vesting. The remaining 20% will be retested at 31 December 2021.

The Group’s remuneration policy for executive KMP seeks to balance its desire to attract, retain and motivate high quality personnel with the need to ensure that remuneration incentivises them to pursue growth and success of the Company without taking undue risks and without it being excessive remuneration.

To align the interests of the executive with that of the company remuneration packages for executive KMPs contain the following key elements:

- a) **Fixed Base Salary** – salary, superannuation and non-monetary benefits;
- b) **Short Term Incentives** – cash incentives applied to a maximum percentage of Fixed Base Salary and structured against relative satisfaction (at the reasonable discretion of the board) of certain corporate and personally related key performance indicators of the executive.
- c) **Long Term Incentives** – the grant of performance rights in the Company, with value capped to a maximum percentage of Fixed Base Salary, vesting progressively while the executive remains employed, with the degree of vesting structured against the Company’s relative and absolute TSR performance against a comparator group of companies as well as other strategic hurdles.

The Company’s remuneration is specifically designed to encourage loyalty and longevity of employment as well as aligning the employee’s interests with those of the Company and the creation of genuine long term sustainable value for security holders.

All remuneration provided to KMP in the form of share based payments are valued pursuant to AASB 2 Share-based Payment at fair value on grant date and are expensed on a *pro rata* basis over the vesting period of the relevant security.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the Consolidated Entity’s earnings and movements in shareholder wealth for the five years to June 2021:

	30 June 2021 \$	30 June 2020 \$	30 June 2019 \$	30 June 2018 \$ Restated	30 June 2017 \$
Revenue ⁽ⁱ⁾	—	—	—	—	—
Net profit / (loss) before tax ⁽ⁱⁱ⁾	20,976,747	(19,837,973)	(19,242,733)	4,009,985	4,745,744
Net profit / (loss) after tax ⁽ⁱⁱⁱ⁾	16,343,172	(14,553,693)	76,178,556	15,679,541	4,963,444
Share price at start of year	0.16	0.21	0.30	0.27	0.450
Share price at end of year	0.48	0.16	0.21	0.30	0.270
Market capitalisation at year end (undiluted)	261,768,607	87,122,706	114,234,596	163,059,742	147,447,206
Basic profit / (loss) per share	0.030	(0.027)	0.1400	0.0290	0.0085
Diluted profit / (loss) per share	0.030	(0.027)	0.1401	0.0288	0.0084
Dividends Paid	—	10,890,338	10,879,485	5,435,325	11,260,217

- (i) Although 2 financial years have returned a net profit before tax there has been no revenues from ordinary activities. The group has been profitable in those financial years from profits booked from the Mt Marion project in 2017 and 2018 and an impairment reversal in 2018 relating to the Barrambie project.
- (ii) Exclusive of profits resulting from discontinued operations.
- (iii) Inclusive of profits resulting from discontinued operations.

Key management personnel remuneration

The KMP received the following amounts during the year as compensation for their services as directors and executives of the Company and/or the Group.

2021	Short-term employee benefits				Post-employment benefits	Share based payments		Total \$	% remuneration linked to performance
	Salary & fees \$	Bonus FY 20'21 \$	Non-Monetary ⁽¹⁾ \$	Other \$	Super-annuation \$	Shares \$	Performance rights \$		
Non-executive Directors									
S. Cole	73,059	—	—	—	6,941	—	50,000	130,000	—
D. Reed	73,059	—	—	—	6,941	—	—	80,000	—
N. Streltsova	62,100	—	—	—	5,900	—	12,000	80,000	—
D. Ritchie	62,100	—	—	—	5,900	—	12,000	80,000	—
J. Purdie	54,795	—	—	—	5,205	—	20,000	80,000	—
L. Guthrie	63,927	—	—	—	6,073	—	10,000	80,000	—
	389,040	—	—	—	36,960	—	104,000	530,000	—
Executive directors									
C. Reed	515,000	153,000	48,691	—	25,000	—	188,294	929,985	37
	515,000	153,000	48,691	—	25,000	—	188,294	929,985	—
Other executives:									
M. Tamlin	349,400	111,197	55,145	—	25,000	—	85,975	626,717	31
J. Carone	305,000	74,250	30,891	—	25,000	—	73,117	508,258	29
D. Townsend	335,000	106,920	29,461	—	25,000	—	82,668	579,049	33
	989,400	292,367	115,497	—	75,000	—	241,760	1,714,024	—
Total	1,893,440	445,367	164,188	—	136,960	—	534,054	3,174,009	—

2020	Short-term employee benefits				Post-employment benefits	Share based payments		Total \$	% remuneration linked to performance
	Salary & fees \$	Bonus FY 20'21 \$	Non-Monetary ⁽¹⁾ \$	Other \$	Super-annuation \$	Shares \$	Performance rights \$		
Non-executive Directors									
S. Cole	73,059	—	—	—	6,941	—	50,000	130,000	—
D. Reed	73,059	—	—	—	6,941	—	—	80,000	—
N. Streltsova	62,100	—	—	—	5,900	—	12,000	80,000	—
D. Ritchie	62,100	—	—	—	5,900	—	12,000	80,000	—
J. Purdie	54,795	—	—	—	5,205	—	20,000	80,000	—
L. Guthrie	63,927	—	—	—	6,073	—	10,000	80,000	—
	389,040	—	—	—	36,960	—	104,000	530,000	—
Executive directors									
C. Reed	515,000	90,000	41,109	—	25,000	—	240,140	911,249	36
	515,000	90,000	41,109	—	25,000	—	240,140	911,249	—
Other executives:									
M. Tamlin	349,400	61,776	50,776	—	25,000	—	93,060	580,012	27
J. Carone	305,000	41,250	11,795	—	25,000	—	77,388	460,433	26
D. Townsend	335,000	59,400	—	—	25,000	—	108,904	528,304	32
	989,400	162,426	62,571	—	75,000	—	279,352	1,568,749	—
Total	1,893,440	252,426	103,680	—	136,960	—	623,492	3,009,998	—

(1) Relates to fringe benefits received by key management personnel

Service agreements – performance based remuneration

The KMP of the Company, other than non-executive directors, are employed under service agreements. A summary of performance conditions for relevant KMP are detailed below:

Name:	Mr. J. Carone
Position:	Chief Financial Officer / Company Secretary
Term:	No defined term
Termination:	3 months notice period and 3 months termination payment

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus up to 25% of the KMP’s annual salary package (\$330,000 inclusive of superannuation for 2020-21). The basis for calculating the STI will be a range of criteria including both the KMP’s personal performance and the Company’s financial performance/position and share price. The STI for 2020-21 was set at a maximum of \$82,500 of which 90% or \$74,250 was agreed to be paid by management.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company’s Performance Rights Plan. The number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP’s annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name:	Mr. C. Reed
Position:	Managing Director
Term:	Expiry date of 30 June 2022
Termination notice period:	12 months by employee
Termination notice period:	6 months by executive

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to one third of the KMP’s annual salary package (\$540,000 inclusive of superannuation for 2020-21). The STI for 2020-21 was set at a maximum of \$180,000 representing approximately 33% of the annual base salary package of which 85% or \$153,000 was acknowledged and agreed by the Board and Mr C Reed. The basis for calculating the STI will be a range of criteria including both the KMP’s personal performance and the Company’s financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company’s Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{50}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 60 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. M. Tamlin
Position: Chief Operating Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package (\$374,400 inclusive of superannuation for 2020-21). The STI for 2020-21 was set at a maximum of \$123,552 representing approximately 33% of the annual base salary package of which 90% or \$111,197 was acknowledged and agreed by the board and Mr M Tamlin. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. D. Townsend
Position: Chief Development Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package (\$360,000 inclusive of superannuation for 2020-21). The STI for 2020-21 was set at a maximum of \$118,800 representing approximately 33% of the annual base salary package of which 90% or \$106,920 was acknowledged and agreed by the CEO and Mr D Townsend. The basis for calculating the STI will

be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Criteria

The grant of Performance Rights is designed to reward long term sustainable business performance measured over a three year period with an opportunity for the performance conditions to be re-measured six months later should they not vest at the first vesting date. The KMP's entitlement to the performance rights is dependent on 3 criteria:

(a) Tranche 1 – Relative TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by comparing the Company's total shareholder return (TSR) with that of a comparator group of resource companies over the relevant period.

The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant Vesting Date as follows:

- If the Company ranks below the 50th percentile, none of the Performance Rights will vest.
- If the Company ranks at the 50th percentile, 50% of the Performance Rights will vest.
- For each 1% ranking at or above the 51st percentile, an additional 2% of the Performance Rights will vest, with 100% vesting where the Company ranks at or above the 75th percentile.

(b) Tranche 2 – Absolute TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by calculating the Company's TSR calculated over the period commencing on the Comparator Start Date and ending on the relevant Vesting Date (Absolute TSR).

The Performance Rights will vest depending on the Company's Absolute TSR on the relevant Vesting Date as follows:

- If the Company's Absolute TSR is less than 15%, none of the Performance Rights will vest.
- If the Company's Absolute TSR is 15%, 50% of the Performance Rights will vest.
- For each additional 1% TSR above 15% Absolute TSR, an additional 10% of the Performance Rights will vest, with 100% vesting where the Company's Absolute TSR is at or above 20%.

(c) Tranche 3 – Business plan

The performance conditions of 20% of Performance Rights will be measured as at each Vesting Date as follows:

10% will vest if the combined market capitalisation of Neometals and any entity demerged from the Neometals Group and separately listed on the ASX would meet the threshold for entry into the ASX/S&P 200 Index.

10% will vest if any two of the following are at least under construction via direct investment or joint venture involvement (as assessed by the Board):

- a LiOH plant;
- a Li-Battery recycling plant;
- a Titanium / Vanadium mine or process.

Performance rights granted to the KMP have a vesting period of 3 years from grant date and will lapse on the KMP ceasing to be an employee of the Group prior to the vesting date.

The Company provides the KMP with performance based incentives in order to incentivise KMP to pursue strategies that are aligned with the overall business strategy and the interests of the shareholders. Where deemed appropriate the Company has set specific Key Performance Indicators as performance criteria for staff that have a direct role/responsibility in achieving a specific outcome. To ensure that KMP are also incentivised to pursue longer term strategies that increase shareholder wealth a portion of the KMP's remuneration is linked to a "comparative TSR model" which links the level of the KMP remuneration to the Company's performance against a group of comparable ASX listed entities, using Total Shareholder Return as the basis of comparison. KMP are also issued with performance rights with service conditions as vesting criteria which assist the company to retain staff as well as aligning the interests of the KMP with shareholders. The Company has deemed the issue of service based performance rights as an appropriate form of remuneration due to the uncertain nature of the Group's business, that is, mineral exploration, mining and developing new mineral processing technologies.

The comparator group adopted by the company for LTI granted in 2019 (vest 2021) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (ASX: XKO)
- Orocobre Limited (ASX: ORE)
- Umicore Belgium (BSE:UMI)
- AVZ Minerals Limited (ASX:AVZ)

The comparator group adopted by the company for LTI granted in 2020 (vest 2022) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (ASX: XKO)
- Orocobre Limited (ASX: ORE)
- Umicore Belgium (BSE:UMI)
- AVZ Minerals Limited (ASX:AVZ)

The comparator group adopted by the company for LTI granted in 2021 (vest 2023) is as follows:

- Albermale (NYSE: ALB)
- TNG Ltd (ASX: TNG)
- AMG Metallurgical Group NV (AMS: AMG)
- Iluka Resources Limited (ASX: ILU)
- Bushveld Minerals (LSE: BMN)
- Piedmont Lithium Inc. (ASX: PLL)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (ASX: XKO)
- Lithium Australia NL (ASX: LIT)
- Umicore Belgium (BSE:UMI)

The Company has selected the above group of companies as the comparator group for the following reasons:

1. It represents a reasonable cross section of resource companies with reasonably comparable market capitalisation, resource base and stage of development to that of the Company
2. The group is primarily focused on developing industrial minerals projects.

The Company's performance rights plan was approved by shareholders at the 2020 AGM.

Performance rights issued as part of KMP remuneration

Performance Rights granted to key management personnel

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

Name	Grant date	During the Financial Year					Consideration payable on exercise
		No. granted	No. vested	Fair value at grant date ⁽³⁾	Earliest exercise date		
KMP:							
C. Reed ⁽¹⁾	7/12/2020	1,656,754	—	299,872	30/06/2023	—	
J. Carone ⁽¹⁾	7/12/2020	666,055	—	120,556	30/06/2023	—	
M. Tamlin ⁽¹⁾	7/12/2020	755,670	—	136,776	30/06/2023	—	
D. Townsend ⁽¹⁾	7/12/2020	726,605	—	131,516	30/06/2023	—	
N. Streltsova ⁽²⁾	7/12/2020	49,911	49,911	12,000	30/06/2021	—	
D. Ritchie ⁽²⁾	7/12/2020	49,911	49,911	12,000	30/06/2021	—	
S. Cole ⁽²⁾	7/12/2020	207,962	207,962	50,000	30/06/2021	—	
J. Purdie ⁽²⁾	7/12/2020	83,185	83,185	20,000	30/06/2021	—	
L. Guthrie ⁽²⁾	7/12/2020	41,592	41,592	10,000	30/06/2021	—	
Total		4,237,645	432,561	792,720		—	

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) These Non-executive Directors have forgone Directors Fees for performance rights pursuant to the company's PRP.

(3) These values have been calculated using the monte carlo valuation method.

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

2021	Balance at 01/07/20 No.	Grant date	Granted No.	Fair value of rights at grant date \$	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Balance at 30/06/2021 No.	Ordinary shares issued on exercise of rights No.
KMP:								
C. Reed ⁽¹⁾	3,020,834	7/12/2020	1,656,754	299,872	—	(952,474)	3,725,114	—
J. Carone ⁽¹⁾	1,170,503	7/12/2020	666,055	120,556	—	(370,012)	1,466,546	—
M. Tamlin ⁽¹⁾	1,387,056	7/12/2020	755,670	136,776	—	(444,015)	1,698,711	—
D. Townsend ⁽¹⁾	1,350,786	7/12/2020	726,605	131,516	—	(444,015)	1,633,376	—
N. Streltsova ⁽²⁾	68,512	7/12/2020	49,911	12,000	49,911	—	49,911	68,512
D. Ritchie ⁽²⁾	68,512	7/12/2020	49,911	12,000	49,911	—	49,911	68,512
S. Cole ⁽²⁾	285,467	7/12/2020	207,962	50,000	207,962	—	207,962	285,467
J. Purdie ⁽²⁾	114,187	7/12/2020	83,185	20,000	83,185	—	83,185	114,187
L. Guthrie ⁽²⁾	47,675	7/12/2020	41,592	10,000	41,592	—	41,592	47,675
Total	7,513,532		4,237,645	792,720	432,561	(2,210,516)	8,956,308	584,353

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to forgo part of their fees for their services in exchange for performance rights.

2020	Balance at 01/07/19 No.	Grant date	Granted No.	Fair value of rights at grant date ⁽³⁾ \$	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Balance at 30/06/2020 No.	Ordinary shares issued on exercise of rights No.
KMP:								
C. Reed ⁽¹⁾	1,787,813	02/09/2019	1,233,021	141,797	—	—	3,020,834	—
J. Carone ⁽¹⁾	677,168	02/09/2019	493,335	56,734	—	—	1,170,503	—
M. Tamlin ⁽¹⁾	827,345	02/09/2019	559,711	64,367	—	—	1,387,056	—
D. Townsend ⁽¹⁾	812,602	02/09/2019	538,184	61,891	—	—	1,350,786	—
N. Streltsova ⁽²⁾	39,348	02/09/2019	68,512	12,000	68,512	—	68,512	39,348
D. Ritchie ⁽²⁾	39,348	02/09/2019	68,512	12,000	68,512	—	68,512	39,348
S. Cole ⁽²⁾	163,948	02/09/2019	285,467	50,000	285,467	—	285,467	163,948
J. Purdie ⁽²⁾	—	02/09/2019	114,187	20,000	114,187	—	114,187	—
L. Guthrie ⁽²⁾	—	24/10/2019	47,675	10,000	47,675	—	47,675	—
Total	4,347,572		3,408,604	428,789	584,353	—	7,513,532	242,644

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights.

(3) These values have been calculated using the monte carlo valuation method.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

Use of remuneration consultants

During the year no remuneration consultants were used in relation to the company's Performance Rights Plan.

This is the end of the audited remuneration report.

**Audited consolidated financial statements for the Group as at and for the year ended
30 June 2020**

Neometals Ltd
A.C.N. 099 116 631

Annual Financial Report
for the financial year ended 30 June 2020

Independent Auditor's Report to the Members of Neometals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Neometals (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Exploration and Evaluation Assets and Expenditure</p> <p>As at 30 June 2020 the carrying value of exploration and evaluation assets totalled \$44,058,921 as disclosed in Note 13. The Group's accounting policy in respect of exploration and evaluation expenditure is disclosed in Note 2.</p> <p>Significant judgement is required:</p> <ul style="list-style-type: none"> • in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with the relevant accounting standard; and • in determining the treatment of exploration and evaluation expenditure: <ul style="list-style-type: none"> ○ whether the particular areas of interest meet the recognition conditions for an asset; and ○ which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest. 	<p>Our procedures associated with exploration and evaluation expenditure incurred during the year included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the relevant controls associated with the capitalisation or expensing of exploration and evaluation expenditure; and • testing the appropriateness and value of costs capitalised during the period, including whether they were consistent with the Group's accounting policy. <p>Our procedures associated with assessing the carrying value of exploration and evaluation assets included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the relevant controls associated with the identification of indicators of impairment; • evaluating management's impairment indicator assessment, including whether any of the following events exist at the reporting date which may indicate that exploration and evaluation assets may not be recoverable: <ul style="list-style-type: none"> ○ obtaining a schedule of the areas of interest held by the Group and confirming whether the rights to tenure of those areas of interest remained current at balance date; ○ inquiring of management as to the status of ongoing exploration programmes in the respective areas of interest; and ○ assessing whether any facts or circumstances existed to suggest impairment testing was required. <ul style="list-style-type: none"> • We also assessed the appropriateness of the disclosures in Notes 2(i) and 13 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Review of Operations, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): letter from the Chairman, and additional stock exchange information, which is expected to be made available to us after that date.



Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the letter from the Chairman, and additional stock exchange information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 26 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Neometals Ltd, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Ian Skelton

Partner

Chartered Accountants

Perth, 23 September 2020

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Continuing operations			
Other income	5	431,554	512,147
Interest income		1,630,841	1,140,353
Employee expenses	5	(6,623,940)	(5,524,273)
Occupancy expenses		(501,823)	(879,782)
Administration expenses		(3,461,528)	(4,654,003)
Finance costs	5	(63,185)	(60,649)
Other expenses	5	(6,262,439)	(3,675,525)
Marketing expenses		(304,080)	(405,217)
Foreign exchange loss		(86,438)	(334)
Impairment expense	5	(4,596,935)	(5,226,805)
Share of loss of associate	23	—	(468,645)
		<u>(19,837,973)</u>	<u>(19,242,733)</u>
Loss before income tax			
Income tax benefit/(expense)	7	5,284,280	(3,263,494)
		<u>(14,553,693)</u>	<u>(22,506,227)</u>
Discontinued operations			
(Loss)/profit for the year from discontinuing operations	6	—	98,684,783
		<u>(14,553,693)</u>	<u>76,178,556</u>
(Loss)/profit for the year from continuing and discontinuing operations			
Other comprehensive income			
		—	—
Total comprehensive (loss)/income for the year		<u>(14,553,693)</u>	<u>76,178,556</u>
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)	19	(2.67)	14.00
Diluted (cents per share)	19	(2.67)	14.01

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	28(a)	77,043,016	109,462,006
Trade and other receivables	11	385,213	627,599
Other financial assets	12	1,192,757	782,927
Total current assets		78,620,986	110,872,532
Non-current assets			
Exploration and evaluation expenditure	13	44,058,921	36,983,106
Intangibles		793,053	662,888
Investments in joint venture	22	1	1
Investment in associate	23	3,531,048	7,062,095
Other financial assets	12	5,396,000	4,787,118
Right of Use asset	21	1,044,969	—
Other assets		—	345,016
Property, plant and equipment	14	2,011,931	1,774,520
Total non-current assets		56,835,923	51,614,744
Total assets		135,456,909	162,487,276
Current liabilities			
Trade and other payables	15	2,182,786	2,089,652
Provisions	16	1,170,935	1,154,882
Lease liability	21	500,878	—
Total current liabilities		3,854,599	3,244,534
Non-current liabilities			
Provisions	16	1,326,359	1,378,062
Lease liability	21	721,854	—
Deferred tax liability	7	—	3,786,582
Total non-current liabilities		2,048,213	5,164,644
Total liabilities		5,902,812	8,409,178
Net assets		129,554,097	154,078,098
Equity			
Issued capital	17	154,437,267	154,264,634
Reserves	18	8,368,130	7,620,733
Accumulated losses		(33,251,300)	(7,807,269)
Total equity		129,554,097	154,078,098

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

**Consolidated statement of changes in equity
for the year ended 30 June 2020**

	Issued Capital \$	Investment revaluation reserve \$	Other equity reserve \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 01/07/18	154,101,518	1,019,637	300,349	5,774,546	(73,106,340)	88,089,710
Profit for the period	—	—	—	—	76,178,556	76,178,556
Total comprehensive income for the period	—	—	—	—	76,178,556	76,178,556
Recognition of share-based payments (see note 18)	—	—	—	691,201	—	691,201
Recognition of shares issued under performance rights plan	165,000	—	—	(165,000)	—	—
Issue of dividends	—	—	—	—	(10,879,485)	(10,879,485)
Share issue costs, net of tax	(1,884)	—	—	—	—	(1,884)
Balance at 30/06/19	154,264,634	1,019,637	300,349	6,300,747	(7,807,269)	154,078,098
Loss for the period	—	—	—	—	(14,553,693)	(14,553,693)
Total comprehensive income for the period	—	—	—	—	(14,553,693)	(14,553,693)
Recognition of share-based payments (see note 18)	—	—	—	924,147	—	924,147
Recognition of shares issued under performance rights plan	176,750	—	—	(176,750)	—	—
Issue of dividends	—	—	—	—	(10,890,338)	(10,890,338)
Share issue costs, net of tax	(4,117)	—	—	—	—	(4,117)
Balance at 30/06/20	154,437,267	1,019,637	300,349	7,048,144	(33,251,300)	129,554,097

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated statement of cash flows
for the year ended 30 June 2020**

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Research and development refund		1,497,829	523,088
Payments to suppliers and employees		(14,812,599)	(15,126,952)
Net cash used in operating activities	28(c)	(13,314,770)	(14,603,864)
Cash flows from investing activities			
Payments for property, plant & equipment		(1,023,959)	(896,520)
Payments for intellectual property		(312,192)	(217,896)
Payments for exploration and evaluation costs		(6,796,133)	(4,959,848)
Payments for tenements acquired		(550,000)	—
Interest received		1,879,620	1,049,099
Investment in equity instruments acquired, net of disposals		(697,367)	(154,348)
Loans repaid from associate		—	4,104,458
Dividends received from RIM – Mt Marion Project		—	6,210,000
Sale of Mt Marion Project	6	—	103,800,000
Net cash generated by / (used in) investing activities		(7,500,031)	108,934,945
Cash flows from financing activities			
Share issue costs		(4,117)	(1,884)
Amounts deposited for security deposits		—	(200,000)
Dividends paid	10	(10,890,338)	(10,879,485)
Lease payments		(645,884)	—
Interest and other finance costs paid		(63,185)	(60,649)
Net cash used in financing activities		(11,603,524)	(11,142,018)
Net increase/(decrease) in cash and cash equivalents		(32,418,325)	83,189,063
Cash and cash equivalents at the beginning of the financial year		109,462,006	26,342,414
Effect of exchange rates on cash balances		(665)	(69,471)
Cash and cash equivalents at the end of the financial year	28(a)	77,043,016	109,462,006

This consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1. General information

Neometals Ltd is a limited public company incorporated in Australia and listed on the Australian Securities Exchange. The principal activities of the Consolidated Entity are mineral exploration. Neometals Ltd is the ultimate parent.

Registered office and principal place of business

Level 1, 1292 Hay St, West Perth WA 6005

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Consolidated Entity, comprising Neometals Ltd and its controlled entities. For the purpose of preparing the financial statements the consolidated entity is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (**IFRS**).

The financial statements were authorised for issue by the directors of Neometals Ltd on 23 September 2020.

Basis of preparation

The financial report has been prepared on a going concern basis. The accounting policies adopted are consistent with those adopted and disclosed in the Consolidated Entity's 2019 Annual Financial Report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with IRFS.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards (**AASB**) that are relevant to its operations and effective for the current reporting period beginning 1 July 2019.

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-financial assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern

The Directors believe that Neometals Ltd will continue as a going concern, and as a result the financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2020, Neometals Ltd had cash and cash equivalents of \$77,043,016 and net current assets of \$74,766,387 compared to 30 June 2019, when it had cash and cash equivalents of \$109,462,006 and net current assets of \$107,627,998. For the year ended on 30 June 2020, Neometals Ltd recorded a loss of \$14,553,693 and experienced net operating cash outflows of \$13,314,770. For the period ended 30 June 2019, Neometals Ltd recorded a profit of \$76,178,556 and experienced net operating cash outflows of \$14,603,864.

The Directors believe that, based on current conditions and performance assumptions, that Neometals Ltd is sufficiently funded to meet its anticipated near-term funding needs, including required expenditure related to operations over the next 12 months.

Standards and interpretations adopted in the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 Leases
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

AASB 16 Leases

In the current year, the Group has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019. The date of initial application of AASB 16 for the Group is 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The Group has applied an incremental borrowing rate of 3.5%.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group has implemented the modified retrospective approach B, which has resulted in the Group's assets and liabilities increasing by \$1,631,224 as at 1 July 2019. There has been no impact on the comparative information or opening retained earnings as a result of the adoption.

Standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2020:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 17 Insurance Contracts	1 January 2021	30 June 2021
• AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2022	30 June 2023

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2020. The Company is assessing the impact of the new standards, however does not expect to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgments in applying the entity's accounting policies, and key sources of estimation uncertainty.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash comprises cash on hand and term deposits with a 30 day cancellation policy. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Neometals Ltd's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial assets

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices in an active market are used to determine fair value where possible. The group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Amortised cost instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

By default, all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income 'FVOCI' or through the income statement 'FVTPL') and those to be held at amortised cost. The classification depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt and equity instruments that are measured at amortised cost, FVTPL or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises lifetime ECL

(expected credit loss) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 'Financial Instruments' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(e) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Non-current assets held for sale

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

(g) Impairment of non-financial assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit and loss statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or gain on a bargain purchase.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Neometals Ltd is the head entity in the tax-consolidated group. Income tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a 'group allocation' approach based on the allocation specified in the tax funding arrangement.

The tax funding arrangement requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax consolidated group are treated as having no consequence. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent and the other members of the tax consolidated group in accordance with the arrangement.

Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from the unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from, or distribution to, equity participants.

Research & Development Tax offset

In respect of Research and Development tax offsets, the Income tax approach (AASB 112) of accounting has been utilised, where the tax benefit is presented within the tax line in the Statement of Comprehensive Income.

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied;

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs for each area of interest (considered to be the cash generating unit) are reviewed each reporting date to test whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). The recoverable amount for capitalised exploration costs has been determined as the fair value less costs to sell by reference to an active market. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to capitalised development and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Development expenditure

Development expenditure is recognised at cost less any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the life of the reserves associated with the area of interest. Changes in factors such as estimates of proved and probable reserves that effect unit-of-production calculations are dealt with on a prospective basis.

(j) Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. A list of subsidiaries appears in note 24 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to profit and loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(l) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a diminishing value basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Furniture & Fittings	5-20 years
Plant and Equipment	2-10 years
Buildings	10-20 years

An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(m) Intangibles

Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Research and development

Research expenditure is recognised as an expense as incurred. Development expenditure is recognised as an asset as incurred. Research and development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Provision for onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Dividend and interest revenue

Dividend revenue from investments is recognised when the Shareholder's right to receive the payment has been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(p) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(q) Share-based payments

Equity-settled share-based payments to employees and others providing services to the Group are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest, with a corresponding increase in equity.

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counter party renders the service. The fair value of performance rights are measured using a Monte Carlo Simulation.

(r) Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

(s) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgments in applying the entity's accounting policies

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Recovery of capitalised exploration evaluation and development expenditure

The Group capitalises exploration, evaluation and development expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

(b) Share-based payments

Equity-settled share-based payments granted are measured at fair value at the date of grant. The fair value of share options is measured by use of the Monte Carlo model and requires substantial judgement. Management has made its best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

The fair value of performance rights issued during the period was made with reference to the parent entity's closing share price on the date of grant. Management has been required to estimate the probability that the employee will meet the performance criteria determined by the board and that the employee employed by the Group.

3.2 Key areas of estimation uncertainty

The following are key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Capitalised development and evaluation assets

Certain assumptions are required to be made in order to assess whether there is an indicator of impairment of long-lived assets. Key assumptions include future commodity prices, future cash flows, estimated discount rate and estimates of Ore Reserves. Estimates of Ore Reserves are dependent on various assumptions. Changes in these estimates could materially impact on actual ore recovered, and could therefore affect estimates of future cash flows used in the assessment of recoverable amounts. The carrying amount of exploration evaluation and development assets which is included in the consolidated statement of financial position as at 30 June 2020 is \$44.1 million (2019: \$37.0 million).

The Group estimates its Mineral Resources and Reserves based on information assessed by Competent Persons (as defined in the JORC code). In estimating the remaining life of the mine for the purpose of amortisation and depreciation calculations, due regard is given, not only to the amount of remaining Ore Reserves, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over an extended timeframe.

(b) Onerous Contract

The Company has an onerous contract which relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

The estimates for the remaining term is subject to Management's judgement and could change in future periods.

4. Parent entity disclosure

Financial Position	2020	2019
	\$	\$
Assets		
Current assets	76,700,157	109,893,836
Non-current assets	29,512,286	28,171,182
Total assets	106,212,443	138,065,018
Liabilities		
Current liabilities	(2,670,853)	(2,101,075)
Non-current liabilities	(1,001,430)	(3,786,582)
Total liabilities	(3,672,283)	(5,887,657)
Net Assets	102,540,160	132,177,361
Equity		
Issued capital	154,437,267	154,264,362
Retained earnings	(59,245,600)	(28,688,370)
Reserves		
Share based payments	7,348,493	6,601,369
Total equity	102,540,160	132,177,361
Financial Performance		
Profit for the year	(19,666,892)	81,273,621
Other comprehensive income	—	—
Total comprehensive income	(7,220,061)	81,273,621
Guarantees entered into on behalf of subsidiaries⁽ⁱ⁾	4,000,000	4,000,000

(j) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd. The parent entity has provided security for a bank guarantee required under the contract for \$4.0 million. Refer to note 12 for details.

5. Profit/(loss) for the year continuing operations

	Note	2020 \$	2019 \$
(a) Income			
Income from operations consisted of the following items:			
Other income:			
Interest revenue		1,630,841	1,140,353
Other		431,554	512,147
		<u>2,062,395</u>	<u>1,652,500</u>
(b) Profit / (loss) before income tax			
Profit / (loss) before income tax has been arrived at after charging the following expenses:			
Employee benefits expense:			
Equity settled share-based payments		(924,147)	(691,201)
Superannuation expense		(382,778)	(291,080)
Employee salaries		(5,317,015)	(4,541,992)
		<u>(6,623,940)</u>	<u>(5,524,273)</u>
Finance costs:			
Facility fees		(60,000)	(60,000)
Interest expense		(3,185)	(649)
		<u>(63,185)</u>	<u>(60,649)</u>
(c) Impairment expense			
Impairment of associate	23	(3,531,047)	(5,226,805)
Impairment of property, plant, and equipment	14	(501,963)	—
Impairment of intangibles		(549,282)	—
Impairment of other assets		(14,643)	—
		<u>(4,596,935)</u>	<u>(5,226,805)</u>
(d) Other expenses			
Research and development expenditure		(3,572,177)	(3,930,962)
Consultancy costs		(866,759)	(241,952)
Depreciation of non-current assets		(754,970)	(117,364)
Other expenses		(1,039,692)	(361,264)
Re-measurement of onerous contract	16	(28,841)	976,017
		<u>(6,262,439)</u>	<u>(3,675,525)</u>

6. Discontinued operations

At 30 June 2018, Neometals investment in RIM was equity accounted for as an investment in associate. On 30 November 2018, the Board endorsed the decision to complete the sale of RIM to co-Shareholders (Mineral Resources & Ganfeng), and a sales agreement was executed in December 2018 to dispose of the remaining interest of 13.8% in Reed Industrial Minerals Pty Ltd. Accordingly, the classification of the investment was required to be reassessed for the current period end under AASB 5 Non-current Asset Held for Sale and Discontinued Operations.

The disposal was completed in March 2019 for a cash consideration of \$103.8M, on which date the equity interest passed to the acquirer. Details of the investment disposed of and the calculation of the profit or loss on disposal are disclosed below.

	Note	2020 \$	2019 \$
Profit on sale of associate			
Opening carrying value of investment in the associate	23	—	11,325,197
Share of profit / (loss) of associate recognised in profit or loss		—	11,561,336
Fully franked dividends received from associate		—	(6,210,000)
Investment balance classified as held for sale		—	16,676,533
Proceeds from sale of associate		—	(103,800,000)
Profit on sale of associate		—	(87,123,467)

The results of the discontinued operation which have been included in the financial statements for the year were as follows:

	2020 \$	2019 \$
Results of discontinued operations		
Profit / (loss) from discontinued operations	—	98,684,783
Cash flows from discontinued operations		
Cashflows from investing activities	—	114,114,458
Effect of disposal on the financial position of the group		
investment in associate	—	(16,676,533)

7. Income taxes

	2020 \$	2019 \$
(a) Income tax benefit recognised in profit or loss		
Tax benefit comprises:		
Deferred tax expense relating to temporary differences	(4,097,614)	3,786,582
Under / over	311,031	—
Total tax (benefit) / expense	<u>(3,786,583)</u>	<u>3,786,582</u>
The prima facie income tax expense on pre-tax accounting profit from continuing operations reconciles to the income tax benefit in the financial statements as follows:		
(Loss) / Profit before income tax	<u>(19,837,973)</u>	<u>78,918,962</u>
Income tax calculated at 30%	<u>(5,951,392)</u>	<u>23,675,689</u>
Effect of income and expenses that are not deductible in determining taxable profit	1,341,490	(3,150,651)
Tax losses not recognised	823,319	—
Recognition of previously unrecognised tax losses	—	(23,031,010)
Tax effect on disposal of capital assets ⁽ⁱ⁾	—	6,292,554
Income tax (benefit) / expense recognised	<u>(3,786,583)</u>	<u>3,786,582</u>
Refund of prior year R&D claim	<u>(1,497,697)</u>	<u>(523,088)</u>
Income tax (benefit) / expense recognised inclusive of R&D claim	<u>(5,284,280)</u>	<u>3,263,494</u>

(i) Tax effect on disposal of capital assets was higher than the accounting gain on disposal.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable income under Australian tax law. There has been no change in the corporate tax rate during the reporting period.

(b) Deferred tax balances

Deferred tax balances are presented in the statement of financial position as follows:

	2020 \$	2019 \$
Deferred tax liabilities	(13,559,164)	(12,697,822)
Deferred tax assets	13,559,164	8,911,240
Net deferred tax balance	<u>—</u>	<u>(3,786,582)</u>

(c) Deferred tax assets not brought to account

At 30 June 2020 the amount of tax losses not recognised was (gross) \$2,744,397 (June 2019: \$nil). Deferred tax assets have not been recognised in this reporting period as it is too early to estimate future taxable profits being available against which the Group can use the benefits.

Tax Consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Neometals Ltd. The members of the tax-consolidated group are identified at note 24.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Neometals Ltd and each of the entities in the tax consolidation group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax assets of the entity. Such amounts are reflected in amounts receivable from or payable to each entity in the tax consolidated group, and are eliminated on consolidation. The tax sharing agreement entered into between the members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's tax liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

8. Key management personnel compensation

Details of key management personnel compensation are provided on pages 46-53 of the Directors' Report.

The aggregate compensation made to key management personnel of the Group is set out below:

	2020	2019
	\$	\$
Short-term employee benefits	2,249,546	2,211,405
Post-employment benefits	136,960	136,092
Share-based payments	623,492	478,846
	<u>3,009,998</u>	<u>2,826,343</u>

9. Share based payments

Neometals Ltd has an ownership based remuneration scheme for executives and employees.

Performance Rights Plan (PRP)

In accordance with the provisions of the PRP, as approved by Shareholders at the Company's AGM on 24 November 2017, employees, Non-Executive Directors and consultants may be offered performance rights at such times and on such terms as the board considers appropriate.

General terms of performance rights granted under the PRP:

- The performance rights will not be quoted on the ASX.
- Performance rights can only be granted to employees, Non-Executive Directors and consultants of the Company.
- Performance rights are transferable to eligible nominees.
- Performance rights not exercised on or before the vesting date will lapse.
- All shares allotted upon the vesting of performance rights rank equally in all respects to all previously issued shares.
- Performance rights confer no right to vote, attend meetings, participate in a distribution of profit or a return of capital or another participating rights or entitlements on the grantee unless and until the performance rights vest.

The following share-based payment arrangements in relation to performance rights were in existence during the period:

2020	Grant date	Number	Vesting date/ Expiry date	Grant date share price	Probability factor	Fair value at grant date
J. Carone	03/10/2017	370,012	31/12/2020	0.30	n/a	0.25
M. Tamlin	03/10/2017	444,015	31/12/2020	0.30	n/a	0.25
C. Reed	11/12/2017	952,474	31/12/2020	0.385	n/a	0.34
D. Townsend	11/12/2017	444,015	31/12/2020	0.385	n/a	0.34
Staff and consultants	11/12/2017	280,312	31/12/2020	0.385	n/a	0.77
Staff and consultants	11/12/2017	250,000	30/06/2020	0.385	n/a	0.25
C. Reed	10/08/2018	835,339	30/06/2021	0.32	n/a	0.25
J. Carone	10/08/2018	307,156	30/06/2021	0.32	n/a	0.25
M. Tamlin	10/08/2018	383,330	30/06/2021	0.32	n/a	0.25
D. Townsend	10/08/2018	368,587	30/06/2021	0.32	n/a	0.25
Staff and consultants	10/08/2018	739,501	30/06/2021	0.32	n/a	0.25
Staff and consultants	25/01/2019	356,797	30/06/2021	0.22	n/a	0.25
C. Reed	02/09/2019	1,233,021	30/06/2022	0.154	n/a	0.25
J. Carone	02/09/2019	493,335	30/06/2022	0.154	n/a	0.25
M. Tamlin	02/09/2019	559,711	30/06/2022	0.154	n/a	0.12
D. Townsend	02/09/2019	538,184	30/06/2022	0.154	n/a	0.12
Staff and consultants	02/09/2019	1,957,910	30/06/2022	0.154	n/a	0.12
S. Cole	02/09/2019	285,467	30/06/2020	0.154	n/a	0.12
D. Ritchie	02/09/2019	68,512	30/06/2020	0.154	n/a	0.12
N. Streltsova	02/09/2019	68,512	30/06/2020	0.154	n/a	0.12
J. Purdie	02/09/2019	114,187	30/06/2020	0.154	n/a	0.12
L. Guthrie	24/10/2019	47,675	30/06/2020	0.154	n/a	0.12
Total		11,098,052				

The valuation of the Non-executive Directors performance rights has been based on the amount of their fees that have been forgone. The fair value of other KMP performance rights issued have been independently valued by a third party using a Monte Carlo simulation to determine fair value. The total expense recognised for the period arising from share-based payment transactions and accounted for as equity-settled share-based payment transactions is \$924,147 (2019: \$691,201).

The following reconciles the outstanding performance rights granted at the beginning and end of the financial year:

	2020 Performance Rights No.	2019 Performance Rights No.
Balance at beginning of the financial year	6,274,181	4,654,223
Granted during the financial year as compensation	5,366,515	3,233,353
Vested during the financial year ⁽ⁱ⁾	(542,644)	(441,796)
Lapsed during the financial year ⁽ⁱⁱ⁾	—	(1,171,599)
Balance at the end of the financial year ⁽ⁱⁱⁱ⁾	11,098,052	6,274,181

(i) 542,644 shares in the Company were issued on vesting of performance rights (2019:441,796).

(ii) No performance rights lapsed during the financial year (2019: 1,171,599).

(iii) Subject to the satisfaction of certain retention and performance conditions 584,353 performance rights vest at the end of the year (2019: 542,643).

10. Dividends on equity instruments

Declared and paid during the year:

	2020 \$	2019 \$
Dividends paid on ordinary shares:		
On 20 March 2020, the directors declared a partially franked dividend of 2 cent per share, .0014 cent franked and 0.0186 cent unfranked to the holders of fully paid ordinary shares, paid to Shareholders on 3 April 2020. (2019: 2.0 cents)	10,890,338	10,879,485

The dividend franking account has a balance of \$3,710 as at 30 June 2020 (2019: \$330,110).

11. Trade and other receivables

	2020 \$	2019 \$
Current		
Other receivables	170,803	428,903
Prepayments	214,410	198,696
Total	385,213	627,599

12. Other financial assets

	2020 \$	2019 \$
Current		
Financial assets measured at FVTPL ⁽ⁱ⁾	1,149,757	782,927
Rental bond term deposit	43,000	—
Total Current	1,192,757	782,927
Non-current		
Financial assets measured at FVTPL	1,196,000	543,000
Barrambie Gas term deposit ⁽ⁱⁱ⁾	4,000,000	4,000,000
Rental bond term deposit	200,000	244,118
Total Non-current	5,396,000	4,787,118
Total	6,588,757	5,570,045

(i) The Group has invested in a portfolio of listed shares which are held for trading. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The valuation technique and key inputs used to determine the fair value are quoted bid prices in an active market.

(ii) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is a party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd (**DBP**) in relation to the Barrambie Project. As part of the agreement the Group was required to provide security by way of a \$4.0 million bank guarantee.

13. Exploration and evaluation expenditure

	Consolidated Capitalised exploration and evaluation expenditure \$
Gross carrying amount	
Balance at 1 July 2018	37,267,573
Additions	5,476,253
Balance at 1 July 2019	42,743,826
Additions	7,075,815
Balance at 30 June 2020	49,819,641
Accumulated amortisation and impairment	
Balance at 1 July 2018	5,760,720
Amortisation expense	—
Impairment expense	—
Expenditure written off	—
Balance at 1 July 2019	5,760,720
Amortisation expense	—
Impairment expense	—
Expenditure written off	—
Balance at 30 June 2020	5,760,720
Net book value	
As at 30 June 2019	36,983,106
As at 30 June 2020	44,058,921

The recovery of exploration expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploration, or alternatively their sale.

14. Property, plant and equipment

	Consolidated Plant and equipment at cost \$
Gross carrying amount	
Balance at 1 July 2018	1,214,252
Additions	943,403
Disposals	—
Transfers to property, plant and equipment	—
Written off	(131,331)
Balance at 1 July 2019	2,026,324
Additions	890,293
Disposals	(33,908)
Transfers to property, plant and equipment	—
Impairments ⁽ⁱ⁾	(501,963)
Balance at 30 June 2020	2,380,746
Accumulated depreciation	
Balance at 1 July 2018	258,563
Disposals	(116,188)
Depreciation expense	109,429
Balance at 1 July 2019	251,804
Disposals and write offs	(51,705)
Depreciation expense	168,716
Balance at 30 June 2020	368,815
Net book value	
As at 30 June 2019	1,774,520
As at 30 June 2020	2,011,931

(i) During the year, following the cessation of research and development activities at the Group's leased premises in Canada, the Group carried out a review of the recoverable amount of the laboratory equipment and related premise upgrades. The review led to the recognition of an impairment loss of \$501,963 which has been recognised in profit or loss. These assets are classified in the Group's Vanadium / Titanium operating segment.

15. Trade and other payables

	2020 \$	2019 \$
Trade payables	856,396	738,530
Accrued expenses	1,291,929	1,306,976
Other	34,461	44,146
	2,182,786	2,089,652

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to help ensure that all payables are paid within the settlement terms.

16. Provisions

	2020 \$	2019 \$
Current		
Annual leave	478,202	433,762
Long service leave	224,036	161,980
Other (a)	468,697	559,140
	<u>1,170,935</u>	<u>1,154,882</u>
Non-current		
Rehabilitation provision	398,000	—
Other (a)	928,359	1,378,062
	<u>1,326,359</u>	<u>1,378,062</u>
	<u>2,497,294</u>	<u>2,532,944</u>

(a) Detail of movement in other provisions

2020	Onerous Contracts ⁽ⁱ⁾ \$
Balance at 1 July 2019	1,937,202
Additional provisions recognised	—
Reductions arising from payments	(568,987)
Increase resulting from re-measurement	28,841
Balance at 30 June 2020	<u>1,397,056</u>
Comprised of:	
Current provision	468,697
Non-current provision	928,359
	<u>1,397,056</u>

- (i) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

	Onerous Contracts⁽ⁱ⁾
	\$
2019	
Balance at 1 July 2018	3,567,051
Reductions arising from payments	(653,832)
Reductions resulting from re-measurement or settlement without cost	(976,017)
Balance at 30 June 2019	1,937,202
Comprised of:	
Current provision	559,140
Non-current provision	1,378,062
	1,937,202

(i) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

17. Issued capital

	2020	2019
	\$	\$
544,516,913 fully paid ordinary shares (2019: 543,974,269)	154,437,267	154,264,634

	2020		2019	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	543,974,269	154,264,634	543,532,473	154,101,518
Share issue costs	—	(4,117)	—	(1,884)
Other share based payments	542,644	176,750	441,796	165,000
Balance at the end of the financial year	544,516,913	154,437,267	543,974,269	154,264,634

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

At balance date there were no share options in existence over ordinary shares (2019: nil).

18. Reserves

The share-benefits reserve arises on the grant of share options and performance rights for the provision of services by consultants and to executives and employees under the employee share option plan, performance rights plan, employment contracts or as approved by Shareholders. Amounts are transferred out of the reserve and into issued capital when the options are exercised or when shares are issued pursuant to the terms of the performance rights. Further information about share-based payments to employees is provided in note 9 to the financial statements.

	2020	2019
	\$	\$
Share based payments reserve:		
Balance at the beginning of the financial year	6,300,747	5,774,546
Increase in share based payments	924,147	691,201
Amounts transferred to share capital on exercise	(176,750)	(165,000)
Balance at the end of the financial year	7,048,144	6,300,747
Other reserve:		
Balance at the beginning of the financial year	300,349	300,349
Balance at the end of the financial year	300,349	300,349
Investment revaluation reserve:		
Balance at the beginning of the financial year	1,019,637	1,019,637
Balance at the end of the financial year	1,019,637	1,019,637
Total Reserves	8,368,130	7,620,733

19. Earnings per share

	2020	2019
	Cents per share	Cents per share
Basic earnings per share:		
Continuing and discontinued operations	(2.67)	14.00
Diluted earnings per share:		
Continuing and discontinued operations	(2.67)	14.01

Basic and diluted profit / (loss) per share

The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic and diluted profit / (loss) per share are as follows:

	2020 \$	2019 \$
Profit / (loss) ^(a)		
Continuing and discontinued operations	(14,553,693)	76,178,556
	2020 No.	2019 No.
Weighted average number of ordinary shares for the purpose of basic profit / (loss) per share	544,516,913	543,974,269
Weighted average number of ordinary shares for the purpose of diluted profit / (loss) per share	544,516,913	543,911,970

(a) Profit / (loss) used in the calculation of profit / (loss) per share reconciles to net loss in the consolidated statement of comprehensive income.

20. Commitments for expenditure

(a) Exploration and evaluation expenditure commitments

The Consolidated Entity holds mineral exploration licences in order for it to undertake its exploration and evaluation activities. To continue to hold tenure over these areas the Group is required to undertake a minimum level of expenditure on or in relation to the leases. Minimum expenditure commitments for the exploration and mining leases for the 2020 financial year are outlined in the table below.

	30 June 2020 \$	30 June 2019 \$
<u>Exploration expenditure commitments</u>		
Not longer than 1 year ⁽ⁱ⁾	2,110,369	2,570,503

(i) Due to the nature of this expenditure, in that the expenditure commitments may be reduced by the relinquishment of tenements, estimates for the commitment have not been forecast beyond June 2021. However, should the Group continue to hold the tenements beyond this date additional expenditure commitments would arise.

(b) Other

As referred to in note 16 (i) to the accounts, Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, previously entered into a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd for the Barrambie Project. As part of the agreement the Group was required to procure a "blocked" term deposit for \$4.0 million (30 June 2019: \$4.0 million) as security a bank guarantee, which approximates the present value of the Group's commitment under the agreement. The obligations under the gas transmission agreement commenced on 1 July 2010.

21. Leases

Leasing arrangements

Leases relate to the lease of commercial premises in West Perth, Welshpool, Canada and a photocopier. The lease agreement for the Company's West Perth premises was entered into on 1 July 2019 for a 48 month period expiring on 30 June 2023. The lease of the Canadian branch premises was entered into on 1 May 2016 for a 60 month period expiring on 30 April 2021. The lease of a photocopier is for a period of 48 months expiring in June 2022. The commitments are based on the fixed monthly lease payment.

	30 June 2020		
	Buildings \$	Equipment \$	Total \$
Right-of-use assets			
Cost	1,605,014	26,210	1,631,224
Accumulated Depreciation	(577,518)	(8,737)	(586,255)
Carrying Amount	1,027,496	17,473	1,044,969

	30 June 2020		
	Buildings \$	Equipment \$	Total \$
Lease liability			
Current	492,145	8,733	500,878
Non-current	712,810	9,044	721,854
Total	1,204,955	17,777	1,222,732

	2020 \$	2019 \$
Amounts recognised in profit and loss		
Depreciation expense on right-of-use asset	586,255	—
Interest expense on lease liabilities	50,570	—
	636,825	—

22. Joint arrangements

Name of operation	Principal activity	Interest	
		2020 %	2019 %
Reed Advanced Materials Pty Ltd ⁽ⁱ⁾	Evaluation of lithium hydroxide process	70	70

The Consolidated Entity's interest in assets employed in the above joint ventures is detailed below.

(i) Reed Advanced Materials Pty Ltd

On 6 October 2015 Neometals and Process Minerals International Pty Ltd entered into a Shareholders agreement for the purposes of establishing and operating a joint venture arrangement through RAM to operate a business of researching, designing and developing the capabilities and technology relating to the processing of lithium hydroxide. Following the execution of the Shareholders agreement RAM was held 70:30 between Neometals and Process Minerals International.

Summarised financial information for the joint venture:

	2020	2019
	\$	\$
Carrying value of investment in the joint venture	1	1
Share of loss of joint venture not recognised in profit or loss	21,413	33,159
	<u> </u>	<u> </u>
Current assets	177,801	79,847
Non-current assets	444,967	362,536
Current liabilities	(2,709)	—
Non-current liabilities	(2,176,568)	(1,968,678)
	<u> </u>	<u> </u>

23. Investment in associate

(i) Hannans Limited

Name of operation	Principal activity	Interest	
		2020	2019
		%	%
Hannans Limited	Exploration of nickel and lithium	35.5	35.5

The above associate is accounted for using the equity method in this consolidated financial report.

Summarised information for the associate:

	2020	2019
	\$	\$
Opening carrying value of investment in associate	7,062,095	12,757,545
Share of profit/(loss) of associate recognised in profit or loss ⁽ⁱ⁾	—	(468,645)
Impairment expense ⁽ⁱⁱ⁾	(3,531,047)	(5,226,805)
	<u> </u>	<u> </u>
Closing carrying value of investment in associate	3,531,048	7,062,095
	<u> </u>	<u> </u>

(i) The equity accounted share of the associate's loss as adjusted as if applying the same accounting policies as Neometals is credited against the carrying value of the investment in the associate.

(ii) In the current financial year, the carrying value of the investment in associate has been impaired down to its carrying value on a per share basis.

	2020	2019
	No.	No.
Shares held in Hannans Limited	706,209,483	706,209,483
	<u> </u>	<u> </u>

24. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2020 %	2019 %
Parent entity			
Neometals Ltd	Australia		
Subsidiaries			
Australian Titanium Pty Ltd (formerly Australian Vanadium Corporation (Holdings) Pty Ltd)	Australia	100	100
Alphamet Management Pty Ltd (formerly Australian Vanadium Corporation (Investments) Pty Ltd)	Australia	100	100
Innovation Pty Ltd (formerly Australian Vanadium Exploration Pty Ltd)	Australia	100	100
Neometals Energy Pty Ltd (formerly Barrambie Gas Pty Ltd)	Australia	100	100
Neomaterials Pty Ltd (formerly GMK Administration Pty Ltd)	Australia	100	100
Neometals Investments Pty Ltd (formerly Gold Mines of Kalgoorlie Pty Ltd)	Australia	100	100
Urban Mining Pty Ltd (formerly Mount Finnerty Pty Ltd)	Australia	100	100
Adamant Technologies Pty Ltd	Australia	100	100
Mt Edwards Lithium Pty Ltd	Australia	100	100
Avanti Materials Ltd	Australia	100	100
ACN 630 589 507 Pty Ltd	Australia	100	100

All of these companies are members of a tax consolidated group. Neometals Ltd is the head entity of the tax consolidated group.

25. Segment information

Basis for segmentation

AASB 8 *Operating Segments* requires the presentation of information based on the components of the entity that management regularly reviews for its operational decision making. This review process is carried out by the Chief Operating Decision Maker (**CODM**) for the purpose of allocating resources and assessing the performance of each segment. The amounts reported for each operating segment is the same measure reviewed by the CODM in allocating resources and assessing performance of that segment.

For management purposes, the Group operates under three operating segments comprised of the Group's lithium, titanium/vanadium and 'other segments' which comprises other minor exploration projects and mineral process technology businesses. The titanium/vanadium operating segment is separately identified given it possess different competitive and operating risks and meets the quantitative criteria as set out in the AASB 8. Previously the Group operated under two reportable operating segments comprised of the Group's titanium/vanadium and 'other segments' which comprises the Mount Marion lithium project and other minor exploration projects. The 'other segments' category is the aggregation of all remaining operating segments given sufficient reportable operating segments have been identified.

During the 2019 financial year an investment in associate was classified as held for sale and the sale was completed in March 2019. The segment information reported on the next page does not include any amounts for this discontinued operation, which is described in more detail in note 6.

For the year ended 30 June 2020

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Revenue from external customers	—	—	—	—	—
Cost of sales	—	—	—	—	—
Gross profit/(loss)	—	—	—	—	—
Other income	348,641	3,433	72,300	1,638,021	2,062,395
Expenditure written off / impairments	(184,024)	(521,456)	(3,531,047)	(360,408)	(4,596,935)
Depreciation and amortisation	—	(285,443)	—	(469,527)	(754,970)
Total expense	(3,767,128)	(2,766,043)	(12,316)	(10,002,976)	(16,548,463)
Profit/(loss) before tax	(3,602,511)	(3,569,509)	(3,471,063)	(9,194,890)	(19,837,973)
Income tax benefit	—	—	—	5,284,280	5,284,280
Consolidated profit/(loss) after tax	(3,602,511)	(3,569,509)	(3,471,063)	(3,910,610)	(14,553,693)

As at 30 June 2020

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Increase/(decrease) in segment assets	5,096,269	2,942,632	1,019,831	(31,492,164)	(22,433,432)
Impairment	(184,024)	(521,456)	(3,531,047)	(360,408)	(4,596,935)
Consolidated increase/(decrease) in segment assets	4,912,245	2,421,176	(2,511,216)	(31,852,572)	(27,030,367)
Total segment assets	10,517,522	36,708,688	5,876,877	82,353,822	135,456,909
Total assets	10,517,522	36,708,688	5,876,877	82,353,822	135,456,909

For the year ended 30 June 2019

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Revenue from external customers	—	—	—	—	—
Cost of sales	—	—	—	—	—
Gross profit/(loss)	—	—	—	—	—
Other income	299,886	1,270	162,450	1,188,894	1,652,500
Depreciation and amortisation	(41,583)	(75,781)	—	—	(117,364)
Total expense	(2,285,531)	(2,106,863)	(5,697,277)	(10,805,562)	(20,895,233)
Profit/(loss) before tax	(1,985,645)	(2,105,593)	(5,534,827)	(9,616,668)	(19,242,733)
Profit for the year from discontinued operations	—	—	—	98,684,783	98,684,783
Income tax expense	—	—	—	(3,263,494)	(3,263,494)
Consolidated profit/(loss) after tax	(1,985,645)	(2,105,593)	(5,534,827)	85,804,621	76,178,556

As at 30 June 2019

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Corporate \$	Total \$
Increase/(decrease) in segment assets	(17,676,310)	4,540,378	(5,411,673)	103,164,273	84,616,668
Deconsolidation	—	—	—	19,960,655	19,960,655
Consolidated increase/(decrease) in segment assets	(17,676,310)	4,540,378	(5,411,673)	123,124,928	104,577,323
Total segment assets	5,605,277	34,287,512	8,388,092	114,206,395	162,487,276
Total assets	5,605,277	34,287,512	8,388,092	114,206,395	162,487,276

Geographical information

The Group operates in a single geographical area being Australia (country of domicile).

26. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 24 to the financial statements.

(b) Key management personnel remuneration

Details of Key Management Personnel remuneration are disclosed on pages 46 – 53 of the Directors' Report.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Neometals Ltd

2020	Balance at 01/07/2019 No.	Balance on appointment No.	Received on exercise of perf rights No.	Net other change No.	Balance at 30/06/2020 No.	Balance held nominally No.
Non-executive directors						
S. Cole	1,232,783	—	163,948	—	1,396,731	—
D. Ritchie	27,048	—	39,348	—	66,396	—
N. Streltsova	27,048	—	39,348	—	66,396	—
D. Reed	49,188,900	—	—	(3,000,000)	46,188,900	—
J. Purdie	44,248	—	56,752	—	101,000	—
L. Guthrie	25,000	—	60,605	—	85,605	—
Executive directors						
C. Reed ⁽ⁱ⁾	10,228,170	—	—	200,000	10,428,170	—
Other executives						
M. Tamlin ⁽ⁱ⁾	979,189	—	—	(750,000)	229,189	—
J. Carone ⁽ⁱ⁾	1,450,000	—	—	(350,000)	1,100,000	—
D. Townsend	130,272	—	—	33,333	163,605	—
Total	63,332,658	—	360,001	(3,866,667)	59,825,992	—

2019	Balance at 01/07/2018 No.	Balance on appointment No.	Received on exercise of perf rights No.	Net other change No.	Balance at 30/06/2019 No.	Balance held nominally No.
Non-executive directors						
S. Cole	1,120,083	—	112,700	—	1,232,783	—
D. Ritchie	—	—	27,048	—	27,048	—
N. Streltsova	—	—	27,048	—	27,048	—
D. Reed	49,188,900	—	—	—	49,188,900	—
J. Purdie	—	—	—	44,248	44,248	—
L. Guthrie	—	—	—	25,000	25,000	—
Executive directors						
C. Reed ⁽ⁱ⁾	9,978,170	—	—	250,000	10,228,170	—
Other executives						
M. Tamlin ⁽ⁱ⁾	979,189	—	—	—	979,189	—
J. Carone ⁽ⁱ⁾	1,650,000	—	—	(200,000)	1,450,000	—
D. Townsend	—	—	—	130,272	130,272	—
Total	62,916,342	—	166,796	249,520	63,332,658	—

Share options of Neometals Ltd

No options were issued to related parties during the current period (2019: nil).

Performance rights of Neometals Ltd

In the current reporting period the Company granted 3,408,604 (2019: 2,137,056) performance rights to executives and KMP pursuant to the Company's Performance Rights Plan.

Further details of the employee share option plan and of share options and performance rights granted are contained in note 8 to the financial statements.

Performance Rights granted to related parties

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

During the Financial Year						
Name	Grant date	No. granted	No. vested	Fair value at grant date	Earliest exercise date	Consideration payable on exercise
KMP:						
N. Streltsova	02/09/2019	68,512	68,512	12,000	30/06/2020	—
D. Ritchie ⁽¹⁾	02/09/2019	68,512	68,512	12,000	30/06/2020	—
S. Cole ⁽¹⁾	02/09/2019	285,467	285,467	50,000	30/06/2020	—
J. Purdie	02/09/2019	114,187	114,187	20,000	30/06/2020	—
L. Guthrie	02/09/2019	47,675	47,675	10,000	30/06/2020	—
C. Reed ⁽²⁾	02/09/2019	1,233,021	—	141,797	30/06/2022	—
J. Carone ⁽²⁾	02/09/2019	493,335	—	56,734	30/06/2022	—
M. Tamlin ⁽²⁾	02/09/2019	559,711	—	64,367	30/06/2022	—
D. Townsend ⁽²⁾	02/09/2019	538,184	—	61,891	30/06/2022	—
Total		3,408,604	584,353	428,789		—

(1) At 30 June 2020 Non-Executive Directors became entitled to securities whose vesting conditions were the subject to the rules of the Performance Rights Plan.

(2) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

	Grant date	Fair value of rights at grant date \$	No. granted	Vested during the financial year No.	Forfeited/lapsed during the financial year No.	Ordinary shares issued on exercise of rights No.
KMP:						
J. Carone ⁽¹⁾	03/10/2017	93,243	370,012	—	—	—
M. Tamlin ⁽¹⁾	03/10/2017	111,892	444,015	—	—	—
C. Reed ⁽¹⁾	11/12/2017	320,984	952,474	—	—	—
D. Townsend ⁽¹⁾	11/12/2017	149,633	444,015	—	—	—
N. Streltsova ⁽²⁾	10/08/2018	12,000	39,348	—	—	39,348
D. Ritchie ⁽²⁾	10/08/2018	12,000	39,348	—	—	39,348
S. Cole ⁽²⁾	10/08/2018	50,000	163,948	—	—	163,948
C. Reed ⁽¹⁾	10/08/2018	209,252	835,339	—	—	—
J. Carone ⁽¹⁾	10/08/2018	76,943	307,156	—	—	—
M. Tamlin ⁽¹⁾	10/08/2018	96,024	383,330	—	—	—
D. Townsend ⁽¹⁾	10/08/2018	92,331	368,587	—	—	—
N. Streltsova ⁽³⁾	02/09/2019	12,000	68,512	68,512	—	—
D. Ritchie ⁽³⁾	02/09/2019	12,000	68,512	68,512	—	—
S. Cole ⁽³⁾	02/09/2019	50,000	285,467	285,467	—	—
J. Purdie ⁽³⁾	02/09/2019	20,000	114,187	114,187	—	—
L. Guthrie ⁽³⁾	02/09/2019	10,000	47,675	47,675	—	—
C. Reed ⁽¹⁾	02/09/2019	141,797	1,233,021	—	—	—
J. Carone ⁽¹⁾	02/09/2019	56,734	493,335	—	—	—
M. Tamlin ⁽¹⁾	02/09/2019	64,367	559,711	—	—	—
D. Townsend ⁽¹⁾	02/09/2019	61,891	538,184	—	—	—
Total		1,653,091	7,756,176	584,353	—	242,644

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals TSR compared to the comparative group of companies over the 3-year period as set out in the employee's employment contract. As a result of the testing of the Company's performance over this period no rights vested and thus no shares were issued (2019: nil).

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to forgo part of their fees for their services in exchange for performance rights. At 30 June 2019 all performance rights have vested. As a result of the testing of the Company's performance over this period 242,644 rights vested and shares were issued (2019: 166,796).

(3) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights. At 30 June 2020 all performance rights have vested.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

(d) Transactions with other related parties

Other related parties include:

- The parent entity;
- Associates;
- Joint ventures in which the entity is a venturer;
- Subsidiaries;
- Key Management Personnel of the Group; and
- Other related parties.

Transactions involving the parent entity

The directors elected for wholly-owned Australian entities within the Group to be taxed as a single entity from 1 July 2003.

No other transactions occurred during the financial year between entities in the wholly owned Group.

(e) Controlling entities

The ultimate parent entity of the Group is Neometals Ltd, a company incorporated and domiciled in Australia.

27. Auditors remuneration

Details of the amounts paid or payable to the auditor for the audit and other assurance services during the year are as follows:

	2020	2019
	\$	\$
Audit services – Deloitte Touche Tohmatsu		
Fees to the group auditor for the audit or review of the statutory financial reports of the Company, subsidiaries and joint operations	53,340	95,650
Fees for other assurance and agreed-upon procedures under other legislation or contractual arrangements	—	37,800
Total remuneration of Deloitte Touche Tohmatsu	53,340	133,450

Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the statement of financial position as follows:

	2020	2019
	\$	\$
Cash and cash equivalents	77,043,016	109,462,006
	77,043,016	109,462,006

(b) Funds not available for use

Restrictions exist on bank deposits with a total value of \$4,243,000. Deposits are classified as financial assets (see note 12).

Of the \$4,243,000 held in restricted bank deposits \$4,000,000 is held as security in relation to an unconditional performance bond issued by the National Australia Bank in favour of the Minister for State Development and DBNGP (WA) Transmission Pty Ltd. In addition, the Group has \$243,000 on deposit as security for a rental bond relating to its leased business premises.

(c) Reconciliation of profit / (loss) for the period to net cash flows from operating activities

	2020	2019
	\$	\$
(Loss) / Profit for the year	(14,553,693)	76,178,556
Impairment	4,596,935	5,226,805
Profit on disposal of financial assets	(249,835)	(71,441)
Profit on the sale of associate	—	(98,216,158)
Loss / (profit) on financial assets measured at FVTPL	177,535	(29,505)
Interest received on term deposits	(1,630,841)	(1,140,353)
Finance costs	63,185	60,649
Share issue costs	—	1,884
Depreciation and amortisation of non-current assets	754,970	117,364
Equity settled share-based payment	924,147	691,201
Net foreign exchange loss/(gain)	665	(334)
(Increase) / decrease in assets:		
Current receivables	242,386	(178,640)
Other	(107,835)	(29,652)
Increase / (decrease) in liabilities:		
Current payables	238,140	451,047
Deferred tax liability	(3,786,582)	3,786,582
Provisions	16,053	(1,451,869)
Net Cash used in operating activities	(13,314,770)	(14,603,864)

29. Financial instruments

(a) Financial risk management objectives

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Interest rate risk

The following tables detail the Group's exposure to interest rate risk:

2020	Weighted average effective interest rate %	Variable interest rate %	Maturity dates			Non interest bearing \$	Total \$
			Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets:							
Cash and cash equivalents AUD	0.92%	—	74,640,987	—	—	—	74,640,987
Cash and cash equivalents CAD	0.00%	—	46,563	—	—	—	46,563
Cash and cash equivalents USD	0.00%	—	297,277	—	—	—	297,277
Barrambie Gas term deposit ⁽ⁱ⁾	1.00%	—	4,000,000	—	—	—	4,000,000
Bond term deposits ⁽ⁱ⁾	1.14%	—	243,000	—	—	—	243,000
Cash deposits trust	1.57%	—	2,058,189	—	—	—	2,058,189
Trade and other receivables	0.00%	—	—	—	—	385,213	385,213
Financial liabilities:							
Trade payables	—	—	—	—	—	856,396	856,396
Lease liability	3.50%	—	500,878	721,854	—	—	1,222,732

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period other financial assets. Additional information on all other term deposits is provided at notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

2019	Weighted average effective interest rate %	Variable interest rate %	Maturity dates			Non interest bearing \$	Total \$
			Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets:							
Cash and cash equivalents AUD	2.00%	—	107,140,847	—	—	—	107,140,847
Cash and cash equivalents CAD	0.00%	—	284,108	—	—	—	284,108
Cash and cash equivalents USD	0.00%	—	14,725	—	—	—	14,725
Barrambie Gas term deposit ⁽ⁱ⁾	2.35%	—	4,000,000	—	—	—	4,000,000
Bond term deposits ⁽ⁱ⁾	2.13%	—	244,118	—	—	—	244,118
Cash deposits trust	2.64%	—	2,022,326	—	—	—	2,022,326
Trade and other receivables	0.00%	—	—	—	—	627,599	627,599
Financial liabilities:							
Trade payables	—	—	—	—	—	738,530	738,530

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period other financial assets. Additional information on all other term deposits is provided at notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

(d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than the Joint Venture. The credit

risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In addition to financial liabilities in note 15, the Company is required to meet minimum spend commitments to maintain the tenure over the Company's mineral exploration areas as described in note 20.

(f) Fair value

The carrying amount of financial assets measured at amortised cost recorded in the financial statements approximates their respective fair values.

Financial assets carried at fair value through profit or loss comprise investments in largely Australian listed equities. Their fair value is determined using key inputs of quoted bid prices in an active market multiplied by the number of shares held.

The sensitivity analysis below has been calculated based on the exposure to equity price risk at the end of the reporting period for financial assets carried at fair value through profit or loss. A 25 per cent. increase and decrease has been used to assess the sensitivity of the equity price risk and represents management's assessment of a reasonably possible change in equity pricing.

If equity prices had been 25 percentage higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2020 would decrease/increase by \$287,439

(g) Capital management

The board's policy is to endeavour to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group sources any additional funding requirements from either debt or equity markets depending on the market conditions at the time the funds are sourced and the purpose for which the funds are to be used. The Group is not subject to externally imposed capital requirements.

(h) Interest rate risk management

The Group is exposed to interest rate risk as the Group has funds on deposit as security for the head office lease and the Neometals Energy Pty Ltd onerous contract outlined at note 16.

The sensitivity analysis below has been calculated based on the exposure to interest rates at the end of the reporting period. A 50 basis point increase and decrease has been used when reporting the interest rate risk and represents management's assessment of the potential change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2020 would decrease/increase by \$406,430 (2019: decrease/increase \$568,530). This is mainly attributable to the Group's exposure to interest rates on the maturity of its term deposits.

30. Events after the reporting period

Further to the Company's announcement during the December 2019 quarter that it had entered a binding memorandum of understanding with leading global processing plant manufacturer SMS, SMS successfully concluded its due diligence in the last half of the financial year. Subsequently, on 31 July 2020 Neometals announced the execution of formal agreements governing the formation and operation of an incorporated 50:50 joint venture (**JV**) with SMS, called Primobius GmbH (**Primobius**). Primobius aim is to commercialise Neometals' proprietary lithium-ion battery (**LIB**) recycling technology (for further details see Neometals ASX announcement dated 31 July 2020 for further details).

No other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent financial years.

Appendix A

Remuneration Report (audited) for the year ended 30 June 2020

Remuneration Report (audited)

Key Management Personnel

The following persons were deemed to be Key Management Personnel (“KMP”) during or since the end of the financial year for the purpose of Section 300A of the Corporations Act 2001 and unless otherwise stated were KMP for the entire reporting period.

Non-executive Directors

- Steven Cole Non-executive Director/Chairman
- David Reed Non-executive Director/Deputy Chairman
- Natalia Streltsova Non-executive Director
- Douglas Ritchie Non-executive Director
- Jenny Purdie Non-executive Director
- Les Guthrie Non-executive Director

Executive Directors

- Christopher Reed Managing Director and CEO

Other executives

- Jason Carone Chief Financial Officer and Company Secretary
- Michael Tamlin Chief Operating Officer
- Darren Townsend Chief Development Officer

Remuneration policy for key management personnel

Non-executive directors

The board’s policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee on behalf of the board determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, shareholder sentiment, board workload, company cashflow capacity and corporate performance generally. Independent external advice and/or benchmark comparisons are sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is \$600,000 as approved by shareholders at the Annual General Meeting on 27 November 2015. Fees for Non-executive Directors are not linked to the performance of the economic entity. However, to align Directors’ interests with shareholder interests, the Directors are encouraged to hold shares in the Company and invited to salary sacrifice fees for performance rights pursuant to the company’s Performance Rights Plan (“PRP”).

General

The remuneration policy for employees is developed by the Remuneration Committee taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The Company adopted a revised PRP for its staff, executive KMP and Non-executive Directors in November 2017 and shareholders reapproved the issue of securities under the plan in November 2017. The board believes that the PRP will assist the Consolidated Entity in remunerating and providing ongoing incentives to employees of the Group.

The rules of the PRP enable the Company to issue performance rights to eligible personnel subject to performance and vesting conditions determined by the Company. Each performance right entitles the holder, for nil cash consideration, to one fully paid ordinary share in the Company for every performance right offered, if the applicable performance and vesting conditions set for that holder are satisfied.

During the financial year a total of 3,408,604 (2019: 2,137,056) performance rights were offered to and accepted by KMP. Of this amount 2,824,251 performance rights are subject to relative and absolute Total Shareholder Return (“TSR”) and other strategic hurdles, details of which can be found in the “Service agreements – performance based remuneration” section below. Testing undertaken for the period ended 31 December 2019 and 30 June 2020 resulted in no performance rights subject to the TSR criteria vesting.

The Group's remuneration policy for executive KMP seeks to balance its desire to attract, retain and motivate high quality personnel with the need to ensure that remuneration incentivises them to pursue growth and success of the Company without taking undue risks and without it being excessive remuneration.

To align the interests of the executive with that of the company remuneration packages for executive KMPs contain the following key elements:

- a) Fixed Base Salary – salary, superannuation and non-monetary benefits;
- b) Short Term Incentives – cash bonus incentives applied to a maximum percentage of Fixed Base Salary and structured against relative satisfaction (at the reasonable discretion of the board) of certain corporate and personally related key performance indicators of the executive.
- c) Long Term Incentives – the grant of performance rights in the Company, with value capped to a maximum percentage of Fixed Base Salary, vesting progressively while the executive remains employed, with the degree of vesting structured against the Company's relative and absolute TSR performance against a comparator group of companies as well as other strategic hurdles.

The Company's remuneration is specifically designed to encourage loyalty and longevity of employment as well as aligning the employee's interests with those of the Company and the creation of genuine long term sustainable value for security holders.

All remuneration provided to KMP in the form of share based payments are valued pursuant to *AASB 2 Share-based Payment* at fair value on grant date and are expensed on a *pro rata* basis over the vesting period of the relevant security.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to June 2020:

	30 June 2020 \$	30 June 2019 \$	30 June 2018 \$	30 June 2017 \$	30 June 2016 \$
			Restated		
Revenue ⁽ⁱ⁾	—	—	—	—	—
Net profit / (loss) before tax ⁽ⁱⁱ⁾	(19,837,973)	(19,242,733)	4,009,985	4,745,744	83,832,380
Net profit / (loss) after tax ⁽ⁱⁱⁱ⁾	(14,553,693)	76,178,556	15,679,541	4,963,444	84,606,280
Share price at start of year	0.21	0.30	0.27	0.450	0.091
Share price at end of year	0.16	0.21	0.30	0.270	0.450
Market capitalisation at year end (undiluted)	87,122,706	114,234,596	163,059,742	147,447,206	251,590,166
Basic profit / (loss) per share	(2.67)	0.1400	0.0290	0.0085	0.1568
Diluted profit / (loss) per share	(2.67)	0.1401	0.0288	0.0084	0.1562
Dividends Paid	10,890,338	10,879,485	5,435,325	11,260,217	11,181,785

(i) Although 3 financial years have returned a net profit before tax there has been no revenues from ordinary activities. The group has been profitable in those financial years from the sell down of the investment held in RIM in 2016 and 2019, and respective associated profits booked from the project in 2017 and 2018 and an impairment reversal in 2018 relating to the Barrambie project.

(ii) Exclusive of profits resulting from discontinued operations.

(iii) Inclusive of profits resulting from discontinued operations.

Key management personnel remuneration

The KMP received the following amounts during the year as compensation for their services as directors and executives of the Company and/or the Group.

2020	Short-term employee benefits				Post-employment benefits	Share based payments		Total	% remuneration linked to performance
	Salary & fees	Bonus FY 19'20	Non-Monetary ⁽¹⁾	Other	Super-annuation	Shares	Performance rights		
	\$	\$	\$	\$	\$	\$	\$	\$	
Non-executive Directors									
S. Cole	73,059	—	—	—	6,941	—	50,000	130,000	—
D. Reed	73,059	—	—	—	6,941	—	—	80,000	—
N. Streltsova	62,100	—	—	—	5,900	—	12,000	80,000	—
D. Ritchie	62,100	—	—	—	5,900	—	12,000	80,000	—
J. Purdie	54,795	—	—	—	5,205	—	20,000	80,000	—
L. Guthrie	63,927	—	—	—	6,073	—	10,000	80,000	—
	389,040	—	—	—	36,960	—	104,000	530,000	—
Executive directors									
C. Reed	515,000	90,000	41,109	—	25,000	—	240,140	911,249	36
	515,000	90,000	41,109	—	25,000	—	240,140	911,249	—
Other executives:									
M. Tamlin	349,400	61,776	50,776	—	25,000	—	93,060	580,012	27
J. Carone	305,000	41,250	11,795	—	25,000	—	77,388	460,433	26
D. Townsend	335,000	59,400	—	—	25,000	—	108,904	528,304	32
	989,400	162,426	62,571	—	75,000	—	279,352	1,568,749	—
Total	1,893,440	252,426	103,680	—	136,960	—	623,492	3,009,998	—

2019	Short-term employee benefits				Post-employment benefits	Share based payments		Total	% remuneration linked to performance
	Salary & fees	Bonus FY 18'19	Non-Monetary ⁽¹⁾	Other	Super-annuation	Shares	Options and rights		
	\$	\$	\$	\$	\$	\$	\$	\$	
Non-executive Directors									
S. Cole	73,059	—	—	—	6,941	—	50,000	130,000	—
D. Reed	73,059	—	—	—	6,941	—	—	80,000	—
N. Streltsova	62,100	—	—	—	5,900	—	12,000	80,000	—
D. Ritchie	62,100	—	—	—	5,900	—	12,000	80,000	—
J. Purdie	54,795	—	—	—	5,205	—	—	60,000	—
L. Guthrie	54,795	—	—	—	5,205	—	—	60,000	—
	379,908	—	—	—	36,092	—	74,000	490,000	—
Executive directors									
C. Reed	515,000	90,000	50,351	—	25,000	—	189,970	870,321	32
	515,000	90,000	50,351	—	25,000	—	189,970	870,321	—
Other executives:									
M. Tamlin	349,400	60,000	9,218	—	25,000	—	70,290	513,908	25
J. Carone	305,000	60,000	17,528	—	25,000	—	57,629	465,157	25
D. Townsend	335,000	40,000	—	—	25,000	—	86,957	486,957	26
	989,400	160,000	26,746	—	75,000	—	214,876	1,466,022	—
Total	1,884,308	250,000	77,097	—	136,092	—	478,846	2,826,343	—

(1) Relates to fringe benefits received by key management personnel

Service agreements – performance based remuneration

The KMP of the Company, other than non-executive directors, are employed under service agreements. A summary of performance conditions for relevant KMP are detailed below:

Name:	Mr. J. Carone
Position:	Chief Financial Officer / Company Secretary
Term:	No defined term
Termination:	3 months notice period and 3 months termination payment

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus up to 25% of the KMP's annual salary package (\$330,000 inclusive of superannuation for 2019-20). The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price. The STI for 2019-20 was set at a maximum of \$82,500 of which 50% or \$41,250 was agreed to be paid by management.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name:	Mr. C. Reed
Position:	Managing Director
Term:	Expiry date of 30 June 2022
Termination notice period:	12 months by employee
Termination notice period:	6 months by executive

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to one third of the KMP's annual salary package (\$540,000 inclusive of superannuation for 2019-20). The STI for 2019-20 was set at a maximum of \$180,000 representing approximately 33% of the annual base salary package of which 50% or \$90,000 was acknowledged and agreed by the Board and Mr C Reed. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{50}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 60 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. M. Tamlin
Position: Chief Operating Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package (\$374,400 inclusive of superannuation for 2019-20). The STI for 2019-20 was set at a maximum of \$123,552 representing approximately 33% of the annual base salary package of which 50% or \$61,776 was acknowledged and agreed by the board and Mr M Tamlin. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. D. Townsend
Position: Chief Development Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package (\$360,000 inclusive of superannuation for 2019-20). The STI for 2019-20 was set at a maximum of \$118,800 representing approximately 33% of the annual base salary package of which 50% or \$59,400 was acknowledged and agreed by the CEO and Mr D Townsend. The basis for calculating the STI will

be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Criteria

The grant of Performance Rights is designed to reward long term sustainable business performance measured over a three year period with an opportunity for the performance conditions to be re-measured six months later should they not vest at the first vesting date. The KMP's entitlement to the performance rights is dependent on 3 criteria:

(a) Tranche 1 – Relative TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by comparing the Company's total shareholder return (TSR) with that of a comparator group of resource companies over the relevant period.

The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant Vesting Date as follows:

- If the Company ranks below the 50th percentile, none of the Performance Rights will vest.
- If the Company ranks at the 50th percentile, 50% of the Performance Rights will vest.
- For each 1% ranking at or above the 51st percentile, an additional 2% of the Performance Rights will vest, with 100% vesting where the Company ranks at or above the 75th percentile.

(b) Tranche 2 – Absolute TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by calculating the Company's TSR calculated over the period commencing on the Comparator Start Date and ending on the relevant Vesting Date (Absolute TSR).

The Performance Rights will vest depending on the Company's Absolute TSR on the relevant Vesting Date as follows:

- If the Company's Absolute TSR is less than 15%, none of the Performance Rights will vest.
- If the Company's Absolute TSR is 15%, 50% of the Performance Rights will vest.
- For each additional 1% TSR above 15% Absolute TSR, an additional 10% of the Performance Rights will vest, with 100% vesting where the Company's Absolute TSR is at or above 20%.

(c) Tranche 3 – Business plan

The performance conditions of 20% of Performance Rights will be measured as at each Vesting Date as follows:

10% will vest if the combined market capitalisation of Neometals and any entity demerged from the Neometals Group and separately listed on the ASX would meet the threshold for entry into the ASX/S&P 200 Index.

10% will vest if any two of the following are at least under construction via direct investment or joint venture involvement (as assessed by the Board):

- a LiOH plant;
- a Li-Battery recycling;
- a Titanium / Vanadium mine or process.

Performance rights granted to the KMP have a vesting period of 3 years from grant date and will lapse on the KMP ceasing to be an employee of the Group prior to the vesting date.

The Company provides the KMP with performance based incentives in order to incentivise KMP to pursue strategies that are aligned with the overall business strategy and the interests of the shareholders. Where deemed appropriate the Company has set specific Key Performance Indicators as performance criteria for staff that have a direct role/responsibility in achieving a specific outcome. To ensure that KMP are also incentivised to pursue longer term strategies that increase shareholder wealth a portion of the KMP's remuneration is linked to a "comparative TSR model" which links the level of the KMP remuneration to the Company's performance against a group of comparable ASX listed entities, using Total Shareholder Return as the basis of comparison. KMP are also issued with performance rights with service conditions as vesting criteria which assist the company retain staff as well as aligning the interests of the KMP with shareholders. The Company has deemed the issue of service based performance rights as an appropriate form of remuneration due to the uncertain nature of the Group's business, that is, mineral exploration, mining and developing new mineral processing technologies.

The comparator group adopted by the company for LTI granted in 2018 (vest 2020) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE: UMI)

The comparator group adopted by the company for LTI granted in 2019 (vest 2021) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE:UMI)
- AVZ Minerals Limited (ASX:AVZ)

The comparator group adopted by the company for LTI granted in 2020 (vest 2022) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE:UMI)
- AVZ Minerals Limited (ASX:AVZ)

The Company has selected the above group of companies as the comparator group for the following reasons:

1. It represents a reasonable cross section of resource companies with reasonably comparable market capitalisation, resource base and stage of development to that of the Company
2. The group is primarily focused on developing industrial minerals projects.

The Company's performance rights plan was approved by shareholders at the 2017 AGM.

Performance rights issued as part of KMP remuneration

Performance Rights granted to key management personnel

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

Name	During the Financial Year					
	Grant date	No. granted	No. vested	Fair value at grant date ⁽³⁾	Earliest exercise date	Consideration payable on exercise
KMP:						
C. Reed ⁽¹⁾	02/09/2019	1,233,021	—	141,797	30/06/2022	—
J. Carone ⁽¹⁾	02/09/2019	493,335	—	56,734	30/06/2022	—
M. Tamlin ⁽¹⁾	02/09/2019	559,711	—	64,367	30/06/2022	—
D. Townsend ⁽¹⁾	02/09/2019	538,184	—	61,891	30/06/2022	—
N. Streltsova ⁽²⁾	02/09/2019	68,512	68,512	12,000	30/06/2020	—
D. Ritchie ⁽²⁾	02/09/2019	68,512	68,512	12,000	30/06/2020	—
S. Cole ⁽²⁾	02/09/2019	285,467	285,467	50,000	30/06/2020	—
J. Purdie ⁽²⁾	02/09/2019	114,187	114,187	20,000	30/06/2020	—
L. Guthrie ⁽²⁾	24/10/2019	47,675	47,675	10,000	30/06/2020	—
Total		3,408,604	584,353	428,789		—

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) These Non-executive Directors have forgone Directors Fees for performance rights pursuant to the company's PRP.

(3) These values have been calculated using the monte carlo valuation method.

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

2020	Balance at 01/07/19 No.	Grant date	Granted No.	Fair value of rights at grant date \$	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Balance at 30/06/2020 No.	Ordinary shares issued on exercise of rights No.
KMP:								
C. Reed ⁽¹⁾	1,787,813	02/09/2019	1,233,021	141,797	—	—	3,020,834	—
J. Carone ⁽¹⁾	677,168	02/09/2019	493,335	56,734	—	—	1,170,503	—
M. Tamlin ⁽¹⁾	827,345	02/09/2019	559,711	64,367	—	—	1,387,056	—
D. Townsend ⁽¹⁾	812,602	02/09/2019	538,184	61,891	—	—	1,350,786	—
N. Streltsova ⁽²⁾	39,348	02/09/2019	68,512	12,000	68,512	—	68,512	39,348
D. Ritchie ⁽²⁾	39,348	02/09/2019	68,512	12,000	68,512	—	68,512	39,348
S. Cole ⁽²⁾	163,948	02/09/2019	285,467	50,000	285,467	—	285,467	163,948
J. Purdie ⁽²⁾	—	02/09/2019	114,187	20,000	114,187	—	114,187	—
L. Guthrie ⁽²⁾	—	24/10/2019	47,675	10,000	47,675	—	47,675	—
Total	4,347,572		3,408,604	428,789	584,353	—	7,513,532	242,644

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to forgo part of their fees for their services in exchange for performance rights.

2019	Balance at 01/07/18 No.	Grant date	Granted No.	Fair value of rights at grant date \$	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Balance at 30/06/2019 No.	Ordinary shares issued on exercise of rights No.
KMP:								
C. Reed ⁽¹⁾	1,573,735	10/08/2018	835,339	209,252	—	621,261	1,787,813	—
J. Carone ⁽¹⁾	586,075	10/08/2018	307,156	76,943	—	216,063	677,168	—
M. Tamlin ⁽¹⁾	703,290	10/08/2018	383,330	96,024	—	259,275	827,345	—
D. Townsend ⁽¹⁾	444,015	10/08/2018	368,587	92,331	—	—	812,602	—
N. Streltsova ⁽²⁾	—	10/08/2018	39,348	12,000	39,348	—	39,348	—
D. Ritchie ⁽²⁾	—	10/08/2018	39,348	12,000	39,348	—	39,348	—
S. Cole ⁽²⁾	—	10/08/2018	163,948	50,000	163,948	—	163,948	—
Total	3,307,115		2,137,056	548,550	242,644	1,096,599	4,347,572	—

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

Use of remuneration consultants

During the year no remuneration consultants were used in relation to the company's Performance Rights Plan.

This is the end of the audited remuneration report.

**Audited consolidated financial statements for the Group as at and
for the year ended 30 June 2019**

Neometals Ltd
A.C.N. 099 116 631

Annual Financial Report
or the financial year ended 30 June 2019

Independent Auditor's Report to the Members of Neometals Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Neometals Ltd (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Accounting for non-current assets held for sale</p> <p>Neometals investment in Reed Industrial Minerals Pty Ltd ("RIM") was equity accounted in accordance with AASB128 for the period to 30 November 2018, the date at which the Board endorsed the decision to complete the sale of RIM to co-shareholders (Mineral Resources & Ganfeng). Accordingly, the classification of the investment was required to be reassessed under AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The sale completed on 18 March 2019.</p> <p>Accounting for sales of non-current assets and liabilities and presentation of discontinued operations contain several judgments that affects timing, presentation of the consolidated statement of profit or loss and other comprehensive income.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reading the sale agreement and assessing whether the classification was in accordance with accounting standards; • Reviewing management's assessment of any impairment triggers at the date of classification to Held for sale ("HFS"); • Reconciling the carrying cost and recognised share of profit of the RIM joint venture until the date of recognition as HFS; and • Recalculating the profit on disposal of the HFS asset. <p>We also assessed the appropriateness of the disclosures in Note 6 to the financial statements.</p>
<p>Exploration and Evaluation Assets and Expenditure</p> <p>As at 30 June 2019 the carrying value of exploration and evaluation assets was \$36,983,106 as disclosed in Note 13. The Group's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 2.</p> <p>Significant judgement is required:</p> <ul style="list-style-type: none"> • in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with the relevant accounting standards • in determining the treatment of exploration and evaluation expenditure: <ul style="list-style-type: none"> ○ whether the particular areas of interest meet the recognition conditions for an asset; and ○ which elements of exploration and evaluation expenditures 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing whether there were indicators of impairment: <ul style="list-style-type: none"> ○ assessing whether the rights to tenure of the areas of interest remained current at balance date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future; ○ holding discussions with management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and ○ assessing evidence of the Group's future intention for the areas of

<p>qualify for capitalisation for each area of interest.</p>	<p>interest, including reviewing future budgeted expenditure.</p> <ul style="list-style-type: none"> • testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with the relevant accounting standards. <p>We also assessed the appropriateness of the disclosures in Notes 2 and 13 to the financial statements.</p>
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Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Review of Operations which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): letter from the Chairman, and additional stock exchange information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the letter from the Chairman, and additional stock exchange information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Deloitte.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 27 of the Director's Report for the year ended 30 June 2019.

Deloitte.

In our opinion, the Remuneration Report of Neometals Ltd for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Ian Skelton

Partner

Chartered Accountants

Perth, 13 September 2019

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2019**

	Note	2019 \$	2018 \$ (Restated*)
Continuing operations			
Other income	5	1,652,500	1,417,210
Employee expenses	5	(5,524,273)	(3,815,040)
Occupancy expenses		(879,782)	(663,214)
Administration expenses		(4,654,003)	(3,284,845)
Finance costs	5	(60,649)	(62,599)
Other expenses		(3,675,525)	(2,340,733)
Marketing expenses		(405,217)	—
Foreign exchange (loss)/gain		(334)	53,231
Impairment	5	(5,226,805)	(1,677,554)
Impairment reversal		—	14,694,964
Share of loss of associate	23	(468,645)	(311,435)
(Loss)/profit before income tax		<u>(19,242,733)</u>	<u>4,009,985</u>
Income tax (expense)/benefit	7	<u>(3,263,494)</u>	<u>568,605</u>
(Loss)/profit for the year from continuing operations		<u>(22,506,227)</u>	<u>4,578,590</u>
Discontinued operations			
Profit for the year from discontinuing operations	6	<u>98,684,783</u>	<u>11,100,951</u>
Profit for the year from continuing and discontinuing operations		<u>76,178,556</u>	<u>15,679,541</u>
Other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u><u>76,178,556</u></u>	<u><u>15,679,541</u></u>
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)	19	14.00	2.90
Diluted (cents per share)	19	14.01	2.88

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

*Refer to note 6 for details of restatement.

Consolidated statement of financial position as at 30 June 2019

	Note	2019 \$	2018 \$ (Restated*)
Current assets			
Cash and cash equivalents	28(a)	109,462,006	26,342,414
Related party loan		—	4,104,458
Trade and other receivables	11	627,599	448,960
Other financial assets	12	782,927	252,181
Total current assets		110,872,532	31,148,013
Non-current assets			
Exploration and evaluation expenditure	13	36,983,106	31,506,853
Intangibles		662,888	461,328
Investments in joint venture	22	1	1
Investment in associate	23	7,062,095	24,082,742
Other financial assets	12	4,787,118	4,536,000
Other assets		345,016	609,638
Property, plant and equipment	14	1,774,520	955,689
Total non-current assets		51,614,744	62,152,251
Total assets		162,487,276	93,300,264
Current liabilities			
Trade and other payables	15	2,089,652	1,225,740
Provisions	16	1,154,882	1,177,288
Total current liabilities		3,244,534	2,403,028
Non-current liabilities			
Provisions	16	1,378,062	2,807,526
Deferred tax liability	7	3,786,582	—
Total non-current liabilities		5,164,644	2,807,526
Total liabilities		8,409,178	5,210,554
Net assets		154,078,098	88,089,710
Equity			
Issued capital	17	154,264,634	154,101,518
Reserves	18	7,620,733	7,094,532
Accumulated losses		(7,807,269)	(73,106,340)
Total equity		154,078,098	88,089,710

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

*Refer to note 6 for details of restatement.

**Consolidated statement of changes in equity
for the year ended 30 June 2019**

	Issued Capital \$	Investment revaluation reserve \$	Other equity reserve \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 01/07/17	155,367,391	1,019,637	300,349	5,531,947	(83,350,556)	78,868,768
Profit for the period – As restated*	—	—	—	—	15,679,541	15,679,541
Total comprehensive income for the period – As restated*	—	—	—	—	15,679,541	15,679,541
Recognition of share-based payments (see note 18#)	—	—	—	501,324	—	501,324
Recognition of shares issued under performance rights plan	258,725	—	—	(258,725)	—	—
Recognition of share buy back	(1,524,598)	—	—	—	—	(1,524,598)
Issue of dividends	—	—	—	—	(5,435,325)	(5,435,325)
Share issue costs, net of tax	—	—	—	—	—	—
Balance at 30/06/18	154,101,518	1,019,637	300,349	5,774,546	(73,106,340)	88,089,710
Profit for the period	—	—	—	—	76,178,556	76,178,556
Total comprehensive income for the period	—	—	—	—	76,178,556	76,178,556
Recognition of share-based payments (see note 18#)	—	—	—	691,201	—	691,201
Recognition of shares issued under performance rights plan	165,000	—	—	(165,000)	—	—
Issue of dividends	—	—	—	—	(10,879,485)	(10,879,485)
Share issue costs, net of tax	(1,884)	—	—	—	—	(1,884)
Balance at 30/06/19	154,264,634	1,019,637	300,349	6,300,747	(7,807,269)	154,078,098

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

*Refer to note 6 for details of restatement.

**Consolidated statement of cash flows
for the year ended 30 June 2019**

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Tax refunds		549,117	763,008
Payments to suppliers and employees		(15,152,981)	(9,411,576)
Net cash used in operating activities	28(c)	(14,603,864)	(8,648,568)
Cash flows from investing activities			
Payments for property, plant & equipment		(896,520)	(796,864)
Payments for intellectual property		(217,896)	(207,055)
Payments for exploration and evaluation costs		(4,959,848)	(1,947,634)
Payments for asset acquisition	13	—	(2,500,000)
Interest received		1,049,099	984,720
Net investment in equity instruments		(154,348)	224,553
Loans repaid from associate		4,104,458	4,104,458
Dividends received from RIM – Mt Marion Project		6,210,000	—
Sale of Mt Marion Project	6	103,800,000	—
Loans paid to joint venture parties		—	(11,615)
Net cash generated by / (used in) investing activities		108,934,945	(149,437)
Cash flows from financing activities			
Share issue costs		(1,884)	—
Share buy-back		—	(1,541,335)
Repayment of borrowings		—	(25,379)
Amounts received from related parties		—	22,717
Amounts deposited for security deposits		(200,000)	—
Dividends paid		(10,879,485)	(5,435,325)
Interest and other finance costs paid		(60,649)	(60,000)
Net cash used in financing activities		(11,142,018)	(7,039,322)
Net increase/(decrease) in cash and cash equivalents		83,189,063	(15,837,327)
Cash and cash equivalents at the beginning of the financial year		26,342,414	42,129,157
Effect of exchange rates on cash balances		(69,471)	50,584
Cash and cash equivalents at the end of the financial year	28(a)	109,462,006	26,342,414

This consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Index to Notes to the consolidated financial statements

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1. General information

Neometals Ltd is a limited public company incorporated in Australia and listed on the Australian Securities Exchange. The principal activities of the Consolidated Entity are mineral exploration. Neometals Ltd is the ultimate parent.

Registered office and principal place of business

Level 3, 1292 Hay St, West Perth WA 6005

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Consolidated Entity, comprising Neometals Ltd and its controlled entities. For the purpose of preparing the financial statements the consolidated entity is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (**IFRS**).

The financial statements were authorised for issue by the directors of Neometals Ltd on 11 September 2019.

Basis of preparation

The accounting policies adopted are consistent with those adopted and disclosed in the Consolidated Entity's 2018 Annual Financial Report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with IRFS.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Boards (**AASB**) that are relevant to its operations and effective for the current reporting period beginning 1 July 2018.

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-financial assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Standards and interpretations adopted in the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2018.

The following new and revised Standards and Interpretations have been adopted in the current period:

AASB 9 'Financial Instruments', and the relevant amending standards

AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

The impact of the adoption of these Standards and Interpretations did not have a material impact on the Group.

Statement of compliance

Standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2019:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 16 'Leases'	1 January 2019	30 June 2020
• AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2022	30 June 2023

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

(i) AASB 16 Leases

The AASB has issued this new standard which eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its Statement of Financial Position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. The Group is currently completing its assessment of the effects of applying the new standard on the Group's financial statements, including the extent to which these commitments will result in the recognition of lease assets and liabilities for future lease payments and how this will affect the Group's net assets, profit and classification of cash flows. The Group estimates, by implementing the modified retrospective approach, that on adoption of the new standard the Group's assets and liabilities will increase by \$1,403,426.

The financial impact of the new standard in the 2020 financial year will be dependent on the following factors:

- (i) the number and value of the Group's leases arrangements at the implementation date;
- (ii) management judgements made regarding the likelihood of renewal of each lease (where renewal options are available) at the implementation date;
- (iii) management judgements in relation to the applicable discount rate for each lease at the implementation date; and
- (iv) the accounting approach adopted for each lease.

The final impact will be dependent on the lease arrangements in place at transition and the assessment of the factors outlined above. The Group's assets and liabilities are estimated not to increase materially following recognition of assets and liabilities representing the present value of the operating lease commitments.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgments in applying the entity's accounting policies, and key sources of estimation uncertainty.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash comprises cash on hand and term deposits with a 30 day cancellation policy. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Neometals Ltd's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

(d) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial assets

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed immediately.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices in an active market are used to determine fair value where possible. The group does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Amortised cost amounts are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

By default, all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income 'FVOCI' or through the income statement 'FVTPL') and those to be held at amortised cost. The classification depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. As part of the implementation of AASB 9, management have considered the categorisation of financial assets and no reclassification between categories were deemed necessary.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 'Financial Instruments' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(e) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Non-current assets held for sale

Non-current assets and their disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell.

(g) Impairment of assets

At each reporting date, the consolidated entity reviews the varying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(h) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit and loss statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Neometals Ltd is the head entity in the tax-consolidated group. Income tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using a 'group allocation' approach based on the allocation specified in the tax funding arrangement.

The tax funding arrangement requires a notional current and deferred tax calculation for each entity as if it were a taxpayer in its own right, except that unrealised profits, distributions made and received and capital gains and losses and similar items arising on transactions within the tax consolidated group are treated as having no consequence. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent and the other members of the tax consolidated group in accordance with the arrangement.

Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from the unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from, or distribution to, equity participants.

Research & Development Tax offset

In respect of Research and Development tax offsets, the Income tax approach (AASB 112) of accounting has been utilised, where the tax benefit is presented within the tax line in the Statement of Comprehensive Income.

(i) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied;

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs for each area of interest (considered to be the cash generating unit) are reviewed each reporting date to test whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). The recoverable amount for capitalised

exploration costs has been determined as the fair value less costs to sell by reference to an active market. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to capitalised development and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Development expenditure

Development expenditure is recognised at cost less any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the life of the reserves associated with the area of interest. Changes in factors such as estimates of proved and probable reserves that effect unit-of-production calculations are dealt with on a prospective basis.

(j) Payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 'Consolidated Financial Statements'. A list of subsidiaries appears in Note 24 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the excess is credited to profit and loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(l) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is calculated on a diminishing value basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Furniture & Fittings	5-20 years
Plant and Equipment	2-10 years
Buildings	10-20 years

An item of property, plant and equipment is derecognised upon disposal when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(m) Intangibles

Trademarks, licences and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Research and development

Research expenditure is recognised as an expense as incurred. Development expenditure is recognised as an asset as incurred. Research and development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Provision for onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Dividend and interest revenue

Dividend revenue from investments is recognised when the Shareholder's right to receive the payment has been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(p) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;

- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(q) Share-based payments

Equity-settled share-based payments to employees and others providing services to the Group are measured at fair value at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest, with a corresponding increase in equity.

Equity-settled share-based payments transactions with parties other than employees are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counter party renders the service.

The fair value of performance rights are measured using a Monte Carlo Simulation.

(r) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the Lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Contingent rentals are recognised as expenses in the periods in which they are incurred. Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

(s) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgments in applying the entity's accounting policies

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Recovery of capitalised exploration evaluation and development expenditure

The Group capitalises exploration, evaluation and development expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

(b) Share-based payments

Equity-settled share-based payments granted are measured at fair value at the date of grant. The fair value of share options is measured by use of the Monte Carlo model and requires substantial judgement. Management has made its best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

The fair value of performance rights issued during the period was made with reference to the parent entity's closing share price on the date of grant. Management has been required to estimate the probability that the employee will meet the performance criteria determined by the board and that the employee employed by the Group.

(c) Joint arrangements

When determining the accounting treatment to apply to joint ventures and joint operations management considers the factors which govern the relationship between itself and the other party or parties involved in the joint commitment. Based on information such as legal agreements and the structure of the vehicle under which the joint arrangement is executed management determine whether it is a joint venture or a joint operation. With respect to terms of agreements between two or more parties there is a risk that the parties may interpret the terms of the agreement differently. Management continually review the facts and circumstances under which these judgements are made and reassess whether the type of joint arrangement in which it is involved has changed.

3.2 Key areas of estimation uncertainty

The following are key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Capitalised development and evaluation assets

Certain assumptions are required to be made in order to assess the recoverability of long-lived assets. Key assumptions include future commodity prices, future cash flows, estimated discount rate and estimates of Ore Reserves. Estimates of Ore Reserves are dependent on various assumptions. Changes in these estimates could materially impact on actual ore recovered, and could therefore affect estimates of future cash flows used in the assessment of recoverable amounts. The carrying amount of exploration evaluation and development assets which is included in the consolidated statement of financial position at 30 June 2019 is \$37.0 million (2018: \$31.5 million).

The Group estimates its Mineral Resources and Reserves based on information assessed by Competent Persons (as defined in the JORC code). In estimating the remaining life of the mine for the purpose of amortisation and depreciation calculations, due regard is given, not only to the amount of remaining Ore Reserves, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over an extended timeframe.

(b) Value of deferred tax assets

Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in Australia. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred income tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in Australia could limit the ability of the Group to obtain tax deductions in future periods. The carrying amount of deferred taxes included in the consolidated statement of financial position at 30 June 2019 is a deferred tax liability of \$3,786,582 (2018: Nil).

(c) Onerous Contract

The Company has an onerous contract which relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

The estimates for the remaining term is subject to Management's judgement and could change in future periods.

4. Parent entity disclosure

Financial Position	2019	2018
	\$	\$
Assets		
Current assets	109,893,836	47,061,206
Non-current assets	22,467,652	18,547,206
Total assets	132,361,488	65,608,412
Liabilities		
Current liabilities	2,101,075	1,303,468
Non-current liabilities	3,786,582	—
Total liabilities	5,887,657	1,303,468
Net Assets	126,473,831	64,304,944
Equity		
Issued capital	154,264,362	154,101,518
Retained earnings	(34,391,900)	(95,871,470)
Reserves		
Share based payments	6,601,369	6,074,896
Total equity	126,473,831	64,304,944
Financial Performance		
Profit for the year	81,273,621	8,395,058
Other comprehensive income	—	—
Total comprehensive income	81,273,621	8,395,058
Guarantees entered into on behalf of subsidiaries⁽ⁱ⁾	4,000,000	4,000,000

(i) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd. The parent entity has provided security for a bank guarantee required under the contract for \$4.0 million. Refer to Note 12 for details.

5. Profit/(loss) for the year continuing operations

Note	2019 \$	2018 \$
(a) Income		
Income from operations consisted of the following items:		
Other income:		
Interest revenue	1,140,353	926,376
Other	512,147	490,834
	<u>1,652,500</u>	<u>1,417,210</u>
(b) Profit / (loss) before income tax		
Profit / (loss) before income tax has been arrived at after charging the following expenses:		
Employee benefits expense:		
Equity settled share-based payments	(691,201)	(501,324)
Superannuation expense	(291,080)	(183,793)
Other employee benefits	(4,541,992)	(3,129,923)
	<u>(5,524,273)</u>	<u>(3,815,040)</u>
Finance costs:		
Borrowing costs	—	(490)
Facility fees	(60,000)	(60,000)
Interest expense	(649)	(2,109)
	<u>(60,649)</u>	<u>(62,599)</u>
Impairment of related party loan	—	(1,677,554)
Impairment of associate 23	(5,226,805)	—
Depreciation of non-current assets	(117,364)	(42,530)

6. Discontinued operations

At 30 June 2018, Neometals investment in RIM was equity accounted for as an investment in associate. On 30 November 2018, the Board endorsed the decision to complete the sale of RIM to co-Shareholders (Mineral Resources & Ganfeng), and a sales agreement was executed in December 2018 to dispose of the remaining interest of 13.8% in Reed Industrial Minerals Pty Ltd. Accordingly, the classification of the investment was required to be reassessed for the current period end under AASB 5 Non-current Asset Held for Sale and Discontinued Operations.

The disposal was completed in March 2019 for a cash consideration of \$103.8M, on which date the equity interest passed to the acquirer. Details of the investment disposed of and the calculation of the profit or loss on disposal are disclosed below.

Note	2019 \$
Profit on sale of associate	
Opening carrying value of investment in the associate (a)	23 11,325,197
Share of profit / (loss) of associate recognised in profit or loss	11,561,336
Fully franked dividends received from associate	(6,210,000)
Investment balance classified as held for sale	16,676,533
Proceeds from sale of associate	<u>(103,800,000)</u>
Profit on sale of associate	<u>(87,123,467)</u>

The results of the discontinued operation which have been included in the financial statements for the year were as follows:

	2019 \$	2018 \$ Restated
Results of discontinued operations		
Profit / (loss) from discontinued operations (a)	98,684,783	11,100,951
Cash flows from discontinued operations		
Cashflows from investing activities	114,114,458	4,104,458
Effect of disposal on the financial position of the group		
investment in associate	(16,676,533)	—

(a) During the 2019 financial year, it was identified that as part of a review of the accounting treatment for the equity accounting profit take up in 2018, there had been an inappropriate take up of the share of associates profit, whereby the take up was done on a pre-tax profit basis, rather than a post-tax basis. In accordance with AASB108.42, the 2018 share of profit of associate and the opening carrying value of the investment in associate has been restated.

The impact of the adjustment is as follows:

	As previously reported \$	Share of profit adjustment \$	As restated adjustment \$
Impact on assets as at 30 June 2018			
Investment in Associate	15,856,197	(4,531,000)	11,325,197
Impact on profit/(loss) for the year			
Share of profit of associate	15,631,951	(4,531,000)	11,100,951
Impact on basic earnings per share (cents per share)	3.73	(0.83)	2.90
Impact on diluted earnings per share (cents per share)	3.72	(0.84)	2.88

7. Income taxes

	2019 \$	2018 \$ Restated*
(a) Income tax benefit recognised in profit or loss		
Tax benefit comprises:		
Current tax expense	3,786,582	—
Research and development claim	(523,088)	(568,605)
Total tax benefit	3,263,494	(568,605)
The prima facie income tax expense on pre-tax accounting profit from continuing operations reconciles to the income tax benefit in the financial statements as follows:		
Profit / (Loss) from operations	79,442,050	15,679,541
Income tax calculated at 30%	23,832,315	4,703,862
Effect of income and expenses that are not deductible in determining taxable profit	(3,150,651)	(7,160,077)
Recognition of previously unrecognised tax losses	(23,031,010)	—
Tax effect on disposal of capital assets ⁽ⁱ⁾	6,292,554	2,123,230
Non-assesable income – R&D credit	(156,926)	(170,581)
Non-deductible loan write-off	—	503,266
Refund of prior year R&D claim	(523,088)	(568,605)
Income tax expense / (benefit) recognised	3,263,494	(568,605)

*Refer to note 6 for details of restatement.

(i) Tax effect on disposal of capital assets was higher than the accounting gain on disposal.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable income under Australian tax law. There has been no change in the corporate tax rate during the reporting period.

(b) Deferred tax balances

Deferred tax balances are presented in the statement of financial position as follows:

	2019	2018
	\$	\$
Deferred tax liabilities	(12,697,822)	(8,130,761)
Deferred tax assets	8,911,240	8,130,761
Net deferred tax balance	(3,786,582)	—

(c) Deferred tax assets not brought to account

At 30 June 2019 the amount of unrecognised tax losses was (gross) \$nil (June 2018: \$76,770,032). Other losses may be available. Currently assessing the ability to carry these forward.

Tax Consolidation

Relevance of tax consolidation to the consolidated entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Neometals Ltd. The members of the tax-consolidated group are identified at Note 24.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Neometals Ltd and each of the entities in the tax consolidation group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax assets of the entity. Such amounts are reflected in amounts receivable from or payable to each entity in the tax consolidated group, and are eliminated on consolidation. The tax sharing agreement entered into between the members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's tax liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

8. Key management personnel compensation

Details of key management personnel compensation are provided on pages 32-40 of the Directors' Report.

The aggregate compensation made to key management personnel of the Group is set out below:

	2019	2018
	\$	\$
Short-term employee benefits	2,211,405	1,982,931
Post-employment benefits	136,092	116,591
Share-based payments	478,846	389,951
	2,826,343	2,489,473

9. Share based payments

Neometals Ltd has an ownership based remuneration scheme for executives and employees.

Performance Rights Plan (PRP)

In accordance with the provisions of the PRP, as approved by Shareholders at the Company's AGM on 24 November 2017, employees, Non-Executive Directors and consultants may be offered performance rights at such times and on such terms as the board considers appropriate.

General terms of performance rights granted under the PRP:

- The performance rights will not be quoted on the ASX.
- Performance rights can only be granted to employees, Non-Executive Directors and consultants of the Company.
- Performance rights are transferable to eligible nominees.
- Performance rights not exercised on or before the vesting date will lapse.
- All shares allotted upon the vesting of performance rights rank equally in all respects to all previously issued shares.
- Performance rights confer no right to vote, attend meetings, participate in a distribution of profit or a return of capital or another participating rights or entitlements on the grantee unless and until the performance rights vest.

The following share-based payment arrangements in relation to performance rights were in existence during the period:

2019	Grant date	Number	Vesting date/ Expiry date	Grant date share price	Probability factor	Fair value at grant date
Jason Carone	03/10/2017	370,012	31/12/2020	0.30	n/a	93,243
Michael Tamlin	03/10/2017	444,015	31/12/2020	0.30	n/a	111,892
Staff and consultants	03/10/2017	150,000	30/06/2019	0.30	n/a	75,000
Chris Reed	11/12/2017	952,474	31/12/2020	0.385	n/a	320,984
Darren Townsend	11/12/2017	444,015	31/12/2020	0.385	n/a	149,633
Staff and consultants	11/12/2017	280,312	31/12/2020	0.385	n/a	94,465
Staff and consultants	11/12/2017	400,000	30/06/2019	0.385	n/a	192,500
Natalia Streltsova	10/08/2018	39,348	30/06/2019	0.32	n/a	12,000
Doug Ritchie	10/08/2018	39,348	30/06/2019	0.32	n/a	12,000
Steven Cole	10/08/2018	163,948	30/06/2019	0.32	n/a	50,000
Chris Reed	10/08/2018	835,339	30/06/2021	0.32	n/a	209,252
Jason Carone	10/08/2018	307,156	30/06/2021	0.32	n/a	76,943
Michael Tamlin	10/08/2018	383,330	30/06/2021	0.32	n/a	96,024
Darren Townsend	10/08/2018	368,587	30/06/2021	0.32	n/a	92,331
Staff and consultants	10/08/2018	739,501	30/06/2021	0.32	n/a	185,245
Staff and consultants	25/01/2019	356,797	30/06/2021	0.22	n/a	89,378
Total		6,274,181				1,860,890

The valuation of the Non-executive Directors performance rights has been based on the amount of their fees that have been sacrificed. The fair value of other KMP performance rights issued have been independently valued by a third party using a Monte Carlo simulation to determine fair value. The total expense recognised for the period arising from share-based payment transactions and accounted for as equity-settled share-based payment transactions is \$691,201 (2018: \$501,324).

The following reconciles the outstanding performance rights granted at the beginning and end of the financial year:

	2019	2018
	Performance Rights No.	Performance Rights No.
Balance at beginning of the financial year	4,654,223	4,460,237
Granted during the financial year as compensation	3,233,353	3,557,624
Vested during the financial year ⁽ⁱ⁾	(441,796)	(2,802,919)
Lapsed during the financial year ⁽ⁱⁱ⁾	(1,171,599)	(560,719)
Balance at the end of the financial year ⁽ⁱⁱⁱ⁾	6,274,181	4,654,223

(i) 441,796 shares in the Company were issued on vesting of performance rights (2018: 2,802,919).

(ii) 1,171,599 performance rights lapsed during the financial year (2018: 560,719).

(iii) Subject to the satisfaction of certain retention and performance conditions 542,643 performance rights vest at the end of the year (2018: 1,538,395)

10. Dividends on equity instruments

Declared and paid during the year:

	2019	2018
	\$	\$
Dividends paid on ordinary shares:		
On 25 May 2019, the directors declared a partially franked dividend of 2 cent per share, 1 cent franked and 1 cent unfranked to the holders of fully paid ordinary shares, paid to Shareholders on 8 June 2019. (2018: 1.0 cents)	10,879,485	5,435,325

The dividend franking account has a balance of \$330,110 as at 30 June 2019 (2018: nil).

11. Trade and other receivables

	2019	2018
	\$	\$
Current		
Related party receivable ⁽ⁱ⁾	—	4,104,458
Other receivables	428,903	320,665
Prepayments	198,696	128,295
Total	627,599	4,553,418

(i) Related party receivable relates to the amount loaned to associate Reed Industrial Minerals Pty Ltd. The amount was repaid in full to Neometals in July 2018.

12. Other financial assets

	2019 \$	2018 \$
Current		
Financial assets measured at FVTPL	782,927	252,181
Total Current	782,927	252,181
Non-current		
Financial assets measured at FVTPL	543,000	493,000
Barrambie Gas term deposit ⁽ⁱ⁾	4,000,000	4,000,000
Rental bond term deposit	244,118	43,000
Total Non-current	4,787,118	4,536,000
Total	5,570,045	4,788,181

(i) Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, is a party to a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd (**DBP**) in relation to the Barrambie Project. As part of the agreement the Group was required to provide security by way of a \$4.0 million bank guarantee.

13. Exploration and evaluation expenditure

	Consolidated Capitalised exploration and evaluation expenditure \$
Gross carrying amount	
Balance at 1 July 2017	32,970,980
Transfer on deconsolidation of subsidiary	—
Acquisition ⁽ⁱ⁾	2,500,000
Additions	1,796,593
Balance at 1 July 2018	37,267,573
Transfer on deconsolidation of subsidiary	—
Acquisition	—
Additions	5,476,253
Balance at 30 June 2019	42,743,826
Accumulated amortisation and impairment	
Balance at 1 July 2017	20,455,684
Amortisation expense	—
Impairment reversal ⁽ⁱⁱ⁾	(14,694,964)
Expenditure written off	—
Balance at 1 July 2018	5,760,720
Amortisation expense	—
Impairment reversal	—
Expenditure written off	—
Balance at 30 June 2019	5,760,720
Net book value	
As at 30 June 2018	31,506,853
As at 30 June 2019	36,983,106

The recovery of exploration expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits, their development and exploration, or alternatively their sale.

(i) The Group acquired Mt Edwards Lithium Pty Ltd (MEL) in the previous financial year. Total cash consideration of \$2,500,000 was paid to acquire the lithium and nickel rights and an exploration licence held within MEL. This was treated as an Asset Acquisition for accounting purposes as the company did not have active operations.

(ii) An impairment reversal in relation to the Barrambie Titanium/ Vanadium Project was made in the prior year.

14. Property, plant and equipment

	Consolidated Plant and equipment at cost \$
Gross carrying amount	
Balance at 1 July 2017	483,269
Additions	796,864
Disposals	—
Transfers to property, plant and equipment	—
Written off	(65,881)
Balance at 1 July 2018	1,214,252
Additions	943,403
Disposals	—
Transfers to property, plant and equipment	—
Written off	(131,331)
Balance at 30 June 2019	2,026,324
Accumulated depreciation	
Balance at 1 July 2017	248,552
Disposals	(32,518)
Depreciation expense	42,529
Balance at 1 July 2018	258,563
Disposals and write offs	(116,188)
Depreciation expense	109,429
Balance at 30 June 2019	251,804
Net book value	
As at 30 June 2018	955,689
As at 30 June 2019	1,774,520

15. Trade and other payables

	2019 \$	2018 \$
Trade payables	738,530	504,948
Accrued expenses	1,306,976	690,207
Other	44,146	30,585
	2,089,652	1,225,740

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to help ensure that all payables are paid within the settlement terms.

16. Provisions

	2019 \$	2018 \$
Current		
Annual leave	433,762	316,251
Long service leave	161,980	101,512
Other (a)	559,140	759,525
	<u>1,154,882</u>	<u>1,177,288</u>
Non-current		
Other (a)	1,378,062	2,807,526
	<u>1,378,062</u>	<u>2,807,526</u>
	<u>2,532,944</u>	<u>3,984,814</u>

(a) Detail of movement in other provisions

2019	Onerous Contracts (i) \$
Balance at 1 July 2018	3,567,051
Additional provisions recognised	—
Reductions arising from payments	(653,832)
Reductions resulting from re-measurement	(976,017)
Balance at 30 June 2019	<u>1,937,202</u>
Comprised of:	
Current provision	559,140
Non-current provision	1,378,062
	<u>1,937,202</u>

- (i) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

2018	Onerous Contracts (i) \$
Balance at 1 July 2017	4,322,333
Additional provisions recognised	—
Reductions resulting from re-measurement	(755,282)
Reductions resulting from re-measurement or settlement without cost	—
Balance at 30 June 2018	3,567,051
Comprised of:	
Current provision	759,525
Non-current provision	2,807,526
	3,567,051

(i) The onerous contract relates to a contract entered into by Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, for the Company's Barrambie Project. The contract with DBNGP (WA) Transmission Pty Ltd for gas transmission, commenced on 1 July 2010. The provision in the accounts represents the present value of the remaining gas transmission obligations under the contract for gas transmission not expected to be utilised or on sold.

17. Issued capital

	2019 \$	2018 \$
543,974,269 fully paid ordinary shares (2018: 543,532,473)	154,264,634	154,101,518

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2019		2018	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	543,532,473	154,101,518	546,100,763	155,367,391
Share issue costs	—	(1,884)	—	—
Shares cancelled through share buy back	—	—	(5,371,209)	(1,524,598)
Other share based payments	441,796	165,000	2,802,919	258,725
Balance at the end of the financial year	543,974,269	154,264,634	543,532,473	154,101,518

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options

At balance date there were no share options in existence over ordinary shares (2018: nil).

18. Reserves

The share-benefits reserve arises on the grant of share options and performance rights for the provision of services by consultants and to executives and employees under the employee share option plan, performance rights plan, employment contracts or as approved by Shareholders. Amounts are transferred out of the reserve and into issued capital when the options are exercised or when shares are issued pursuant to the terms of the performance rights. Further information about share-based payments to employees is provided in Note 9 to the financial statements.

	2019	2018
	\$	\$
Share based payments reserve:		
Balance at the beginning of the financial year	5,774,546	5,531,947
Increase in share based payments	691,201	501,324
Amounts transferred to share capital on exercise	(165,000)	(258,725)
Balance at the end of the financial year	6,300,747	5,774,546
Other reserve:		
Balance at the beginning of the financial year	300,349	300,349
Balance at the end of the financial year	300,349	300,349
Investment revaluation reserve:		
Balance at the beginning of the financial year	1,019,637	1,019,637
Investment revaluation reserve	—	—
Balance at the end of the financial year	1,019,637	1,019,637
Total Reserves	7,620,733	7,094,532

19. Earnings per share

	2019	2018
	Cents per share	Cents per share Restated*
Basic earnings per share:		
Continuing and discontinued operations	14.00	2.90
Diluted earnings per share:		
Continuing and discontinued operations	14.01	2.88

Basic and diluted profit / (loss) per share

The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic and diluted profit / (loss) per share are as follows:

	2019	2018
	\$	\$ Restated*
Profit / (loss) ^(a)		
Continuing and discontinued operations	76,178,556	15,679,541

	2019	2018
	No.	No.
Weighted average number of ordinary shares for the purpose of basic profit / (loss) per share	543,974,269	541,458,075
Weighted average number of ordinary shares for the purpose of diluted profit / (loss) per share	543,911,970	543,961,504

(a) Profit / (loss) used in the calculation of profit / (loss) per share reconciles to net loss in the consolidated statement of comprehensive income.

*Refer to note 6 for details of restatement.

20. Commitments for expenditure

(a) Exploration and evaluation expenditure commitments

The Consolidated Entity holds mineral exploration licences in order for it to undertake its exploration and evaluation activities. To continue to hold tenure over these areas the Group is required to undertake a minimum level of expenditure on or in relation to the leases. Minimum expenditure commitments for the exploration and mining leases for the 2020 financial year are outlined in the table below.

	30 June 2019	30 June 2018
	\$	\$
<u>Exploration expenditure commitments</u>		
Not longer than 1 year ⁽ⁱ⁾	2,570,503	2,612,527

(i) Due to the nature of this expenditure, in that the expenditure commitments may be reduced by the relinquishment of tenements, estimates for the commitment have not been forecast beyond June 2020. However, should the Group continue to hold the tenements beyond this date additional expenditure commitments would arise.

(b) Lease commitments

Non-cancellable operating lease commitments are disclosed in Note 21 to the financial statements.

(c) Other

As referred to in Note 16 (i) to the accounts, Neometals Energy Pty Ltd, a wholly owned subsidiary of the Company, previously entered into a gas transmission agreement with DBNGP (WA) Transmission Pty Ltd for the Barrambie Project. As part of the agreement the Group was required to procure a "blocked" term deposit for \$4.0 million (30 June 2018: \$4.0 million) as security a bank guarantee, which approximates the present value of the Group's commitment under the agreement. The obligations under the gas transmission agreement commenced on 1 July 2010.

21. Leases

Operating leases:

Leasing arrangements

Operating leases relate to the lease of commercial premises in West Perth, Welshpool and Canada and a photocopier. The lease agreement for the Company's Canadian branch premises was entered into on 1 May 2016 for a 60 month period expiring on 30 April 2021. The lease of a photocopier is for a period of 48 months expiring in June 2022. The commitments are based on the fixed monthly lease payment. The commitments are based on the fixed monthly lease payment.

	2019	2018
	\$	\$
Payments recognised as an expense		
Minimum lease payments	322,390	518,527
Contingent rentals	75,924	43,003
	398,314	561,530
Non-cancellable operating lease commitments		
Not longer than 1 year	908,595	505,626
Longer than 1 year and not longer than 5 years	2,011,702	507,443
	2,920,297	1,013,069

22. Joint arrangements

Name of operation	Principal activity	Interest	
		2019	2018
		%	%
Reed Advanced Materials Pty Ltd ⁽ⁱ⁾	Evaluation of lithium hydroxide process	70	70

The Consolidated Entity's interest in assets employed in the above joint ventures is detailed below.

(i) Reed Advanced Materials Pty Ltd

On 6 October 2015 Neometals and Process Minerals International Pty Ltd entered into a Shareholders agreement for the purposes of establishing and operating a joint venture arrangement through RAM to operate a business of researching, designing and developing the capabilities and technology relating to the processing of lithium hydroxide. Following the execution of the Shareholders agreement RAM was held 70:30 between Neometals and Process Minerals International.

Summarised financial information for the joint venture:

	2019 \$	2018 \$
Carrying value of investment in the joint venture	1	1
Loan to joint venture	—	—
	<u>33,159</u>	<u>(87,657)</u>
Share of (profit)/loss of joint venture not recognised in profit or loss	33,159	(87,657)
Current assets	79,847	184,537
Non-current assets	362,536	308,345
Current liabilities	—	(2,868)
Non-current liabilities	(1,968,678)	(1,968,678)

23. Investment in associate

(i) Reed Industrial Minerals Pty Ltd

Name of operation	Principal activity	Interest	
		30 June 2019 %	30 June 2018 %
Reed Industrial Minerals Pty Ltd	Mt Marion Lithium Project	—	13.8

Summarised financial information for the associate:

	30 June 2019 \$	30 June 2018 \$ Restated*
Carrying value of investment in the associate	—	11,325,197
Loan to associate	—	4,104,458
	<u>11,561,336</u>	<u>11,100,951</u>
Share of profit of associate recognised in profit or loss ⁽ⁱ⁾	11,561,336	11,100,951
Current assets	—	117,050,100
Non-current assets	—	78,907,700
Current liabilities	—	(55,700,500)
Non-current liabilities	—	(46,489,000)
Net assets	<u>—</u>	<u>93,768,300</u>

(i) The equity accounted share of the associates profit / (loss) is adjusted against the carrying value of the investment in the associate. The asset was sold during the financial year. Refer to Note 6 for further details.

The Group has no commitments in relation to RIM as the investment has been sold during the financial year. Refer to Note 6 for further details.

*Refer to note 6 for details of restatement.

(ii) Hannans Limited

Name of operation	Principal activity	Interest	
		30 June 2019 %	30 June 2018 %
Hannans Limited	Exploration of nickel and lithium	35.5	35.7

The above associate is accounted for using the equity method in this consolidated financial report.

Summarised information for the associate:

	30 June 2019 \$	30 June 2018 \$
Carrying value of investment in associate	7,062,095	12,757,545
Share of loss of associate recognised in profit or loss ⁽ⁱ⁾	(468,645)	(311,435)

(i) The equity accounted share of the associate's loss as adjusted as if applying the same accounting policies as Neometals is credited against the carrying value of the investment in the associate.

Shares held in associate are set out in the table below.

	30 June 2019		30 June 2018	
	No.	\$	No.	\$
Shares held in Hannans prior to disposal of REX ⁽ⁱ⁾	63,750,000	1,147,500	63,750,000	1,147,500
Consideration shares received on disposal of REX ⁽ⁱ⁾	620,833,333	11,175,000	620,833,333	11,175,000
Close out of options ⁽ⁱⁱ⁾	25,250,000	392,000	25,250,000	392,000
Net shares disposed ⁽ⁱⁱ⁾	(3,623,850)	(157,330)	(3,623,850)	(157,330)
Impairment expense ⁽ⁱⁱⁱ⁾	—	(5,226,805)	—	—
Share of (loss)/profit in associate	—	(268,270)	N/A	200,375
Balance at the end of the period	706,209,483	7,062,095	706,209,483	12,757,545

(i) Shares have been valued at the market value on settlement date, 26 September 2016.

(ii) Shares valued at market rate on date of trade.

(iii) The market value of the underlying shares has decreased significantly over a prolonged period as compared to the carrying value on a per share basis. Accordingly, the investment in associate has been impaired to bring the balance down to the market value as at 30 June 2019 of 1.0 cent per share.

24. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2019 %	2018 %
Parent entity			
Neometals Ltd	Australia		
Subsidiaries			
Australian Titanium Pty Ltd (formerly Australian Vanadium Corporation (Holdings) Pty Ltd)	Australia	100	100
Alphamet Management Pty Ltd (formerly Australian Vanadium Corporation (Investments) Pty Ltd)	Australia	100	100
Inneovation Pty Ltd (formerly Australian Vanadium Exploration Pty Ltd)	Australia	100	100
Neometals Energy Pty Ltd (formerly Barrambie Gas Pty Ltd)	Australia	100	100
Neomaterials Pty Ltd (formerly GMK Administration Pty Ltd)	Australia	100	100
Neometals Investments Pty Ltd (formerly Gold Mines of Kalgoorlie Pty Ltd)	Australia	100	100
Urban Mining Pty Ltd (formerly Mount Finnerty Pty Ltd)	Australia	100	100
Adamant Technologies Pty Ltd	Australia	100	100
Mt Edwards Lithium Pty Ltd	Australia	100	100
Avanti Materials Ltd	Australia	100	100
ACN 630 589 507 Pty Ltd	Australia	100	100

All of these companies are members of a tax consolidated group. Neometals Ltd is the head entity of the tax consolidated group.

25. Segment information

Basis for segmentation

AASB 8 *Operating Segments* requires the presentation of information based on the components of the entity that management regularly reviews for its operational decision making. This review process is carried out by the Chief Operating Decision Maker (**CODM**) for the purpose of allocating resources and assessing the performance of each segment. The amounts reported for each operating segment is the same measure reviewed by the CODM in allocating resources and assessing performance of that segment.

For management purposes, the Group operates under three operating segments comprised of the Group's lithium, titanium/vanadium and 'other segments' which comprises other minor exploration projects and mineral process technology businesses. The titanium/vanadium operating segment is separately identified given it possess different competitive and operating risks and meets the quantitative criteria as set out in the AASB 8. Previously the Group operated under two reportable operating segments comprised of the Group's titanium/vanadium and 'other segments' which comprises the Mount Marion lithium project and other minor exploration projects. The 'other segments' category is the aggregation of all remaining operating segments given sufficient reportable operating segments have been identified.

During the year an investment in associate was classified as held for sale and the sale was completed in March 2019. The segment information reported on the next page does not include any amounts for this discontinued operation, which is described in more detail in note 6.

For the year ended 30 June 2019

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Unallocated \$	Total \$
Revenue from external customers	—	—	—	—	—
Cost of sales	—	—	—	—	—
Gross profit/(loss)	—	—	—	—	—
Other income	299,886	1,270	162,450	1,188,894	1,652,500
Depreciation and amortisation	(41,583)	(75,781)	—	—	(117,364)
Total revenue	299,886	1,270	162,450	1,188,894	1,652,500
Total expense	(2,285,531)	(2,106,863)	(5,697,277)	(10,805,562)	(20,895,233)
Profit/(loss) before tax	(1,985,645)	(2,105,593)	(5,534,827)	(9,616,668)	(19,242,733)
Profit for the year from discontinued operations	—	—	—	98,684,783	98,684,783
Income tax expense	—	—	—	(3,263,494)	(3,263,494)
Consolidated profit/(loss) after tax	(1,985,645)	(2,105,593)	(5,534,827)	85,804,621	76,178,556

As at 30 June 2019

Reportable operating segments	Lithium \$	Vanadium /Titanium \$	Other \$	Unallocated \$	Total \$
Increase/(decrease) in segment assets	(17,676,310)	4,540,378	(5,411,673)	103,164,273	84,616,668
Impairment	—	—	—	—	—
Deconsolidation	—	—	—	19,960,655	19,960,655
Discontinued operations	—	—	—	—	—
Decrease in classified as held for sale	—	—	—	—	—
Consolidated increase/(decrease) in segment assets	(17,676,310)	4,540,378	(5,411,673)	123,124,928	104,577,323
Total segment assets	5,605,277	34,287,512	8,388,092	114,206,395	162,487,276
Assets classified as held for sale	—	—	—	—	—
Total assets	5,605,277	4,540,378	8,388,092	114,206,395	162,487,276

For the year ended 30 June 2018

Reportable operating segments	Lithium \$ Restated*	Vanadium /Titanium \$	Other \$	Unallocated \$	Total \$
Revenue from external customers	—	—	—	—	—
Cost of sales	—	—	—	—	—
Gross profit/(loss)	—	—	—	—	—
Other income	11,957,804	54	245,225	979,444	13,182,527
Expenditure written off	—	14,694,964	—	—	14,694,964
Depreciation and amortisation	—	—	—	(42,530)	(42,530)
Total revenue	11,957,804	14,695,018	245,225	979,444	27,834,961
Total expense	(1,864,557)	(1,185,875)	(320,047)	(8,784,941)	(12,155,420)
Profit/(loss) before tax	10,093,247	13,509,143	(74,822)	(7,805,497)	15,679,541
Consolidated profit/(loss) before tax	10,093,247	13,509,143	(74,822)	(7,805,497)	15,679,541

As at 30 June 2018

	Lithium \$ Restated*	Vanadium /Titanium \$	Other \$	Unallocated \$	Total \$
Reportable operating segments					
Increase/(decrease) in segment assets	8,651,486	16,293,980	(342,730)	(15,905,723)	8,697,013
Decrease in classified as held for sale	—	—	—	—	—
Consolidated increase/(decrease) in segment assets	8,651,486	16,293,980	(342,730)	(15,905,723)	8,697,013
Total segment assets	18,750,587	29,747,134	13,799,765	31,002,778	93,300,264
Assets classified as held for sale	—	—	—	—	—
Consolidated total assets	18,750,587	29,747,134	13,799,765	31,002,778	93,300,264

Geographical information

The Group operates in a single geographical area being Australia (country of domicile).

*Refer to note 6 for details of restatement.

26. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 24 to the financial statements.

(b) Key management personnel remuneration

Details of Key Management Personnel remuneration are disclosed on pages 32 to 40 of the Directors' Report.

(c) Key management personnel equity holdings

Fully paid ordinary shares of Neometals Ltd

	Balance at 01/07/2018 No.	Balance on appointment No.	Received on exercise of perf rights No.	Net other change No.	Balance at 30/06/2019 No.	Balance held nominally No.
2019						
Non-executive directors						
S. Cole	1,120,083	—	112,700	—	1,232,783	—
D. Ritchie	—	—	27,048	—	27,048	—
N. Streltsova	—	—	27,048	—	27,048	—
D. Reed	49,188,900	—	—	—	49,188,900	—
J. Purdie	—	—	—	44,248	44,248	—
L. Guthrie	—	—	—	25,000	25,000	—
Executive directors						
C. Reed ⁽ⁱ⁾	9,978,170	—	—	250,000	10,228,170	—
Other executives						
M. Tamlin ⁽ⁱ⁾	979,189	—	—	—	979,189	—
J. Carone ⁽ⁱ⁾	1,650,000	—	—	(200,000)	1,450,000	—
D. Townsend	—	—	—	130,272	130,272	—
Total	62,916,342	—	166,796	249,520	63,332,658	—

2018	Balance at 01/07/17 No.	Balance on appointment No.	Received on exercise of performance rights No.	Net other change No.	Balance at 30/06/18 No.	Balance held nominally No.
Non-executive directors						
S. Cole	1,120,083	—	—	—	1,120,083	—
D. Reed	61,288,900	—	—	(12,100,000)	49,188,900	—
Executive directors						
C. Reed ⁽ⁱ⁾	10,548,980	—	1,329,190	(1,900,000)	9,978,170	—
Other executives						
J. Carone ⁽ⁱ⁾	4,400,000	—	494,540	(3,244,540)	1,650,000	—
M. Tamlin	—	—	979,189	—	979,189	—
Total	77,357,963	—	2,802,919	(17,244,540)	62,916,342	—

Share options of Neometals Ltd

No options were issued to related parties during the current period (2018: nil).

Performance rights of Neometals Ltd

In the current reporting period the Company granted 2,137,056 (2018: 2,377,312) performance rights to executives and KMP pursuant to the Company's Performance Rights Plan.

Further details of the employee share option plan and of share options and performance rights granted are contained in Note 8 to the financial statements.

Performance Rights granted to related parties

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

During the Financial Year						
Name	Grant date	No. granted	No. vested	Fair value at grant date	Earliest exercise date	Consideration payable on exercise
KMP:						
N. Streltsova ⁽¹⁾	10/08/2018	39,348	39,348	12,000	30/06/2019	—
D. Ritchie ⁽¹⁾	10/08/2018	39,348	39,348	12,000	30/06/2019	—
S. Cole ⁽¹⁾	10/08/2018	163,948	163,948	50,000	30/06/2019	—
C. Reed ⁽²⁾	10/08/2018	835,339	—	209,252	30/06/2021	—
J. Carone ⁽²⁾	10/08/2018	307,156	—	76,943	30/06/2021	—
M. Tamlin ⁽²⁾	10/08/2018	383,330	—	96,024	30/06/2021	—
D. Townsend ⁽²⁾	10/08/2018	368,587	—	92,331	30/06/2021	—
Total		2,137,056	242,644	548,550		—

(1) At 30 June 2019 Non-Executive Directors became entitled to securities whose vesting conditions were the subject to the rules of the Performance Rights Plan.

(2) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

	Grant date	Fair value of rights at grant date \$	No. granted	Vested during the financial year No.	Forfeited/lapsed during the financial year No.	Ordinary shares issued on exercise of rights No.
KMP:						
Chris Reed ⁽¹⁾	14/09/2016	161,528	621,261	—	621,261	—
Jason Carone ⁽¹⁾	14/09/2016	56,176	216,063	—	216,063	—
Michael Tamlin ⁽¹⁾	14/09/2016	67,412	259,275	—	259,275	—
Jason Carone ⁽²⁾	03/10/2017	93,243	370,012	—	—	—
Michael Tamlin ⁽²⁾	03/10/2017	111,892	444,015	—	—	—
Chris Reed ⁽²⁾	11/12/2017	320,984	952,474	—	—	—
Darren Townsend ⁽²⁾	11/12/2017	149,633	444,015	—	—	—
Steven Cole ⁽³⁾	05/01/2018	50,000	112,700	—	—	112,700
Doug Ritchie ⁽³⁾	05/01/2018	12,000	27,048	—	—	27,048
Natalia Streltsova ⁽³⁾	05/01/2018	12,000	27,048	—	—	27,048
Steven Cole ⁽⁴⁾	10/08/2018	50,000	163,948	163,948	—	—
Doug Ritchie ⁽⁴⁾	10/08/2018	12,000	39,348	39,348	—	—
Natalia Streltsova ⁽⁴⁾	10/08/2018	12,000	39,348	39,348	—	—
Chris Reed ⁽²⁾	10/08/2018	209,252	835,339	—	—	—
Jason Carone ⁽²⁾	10/08/2018	76,943	307,156	—	—	—
Michael Tamlin ⁽²⁾	10/08/2018	96,024	383,330	—	—	—
Darren Townsend ⁽²⁾	10/08/2018	92,331	368,587	—	—	—
Total		1,583,418	5,610,967	242,644	1,096,599	166,796

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals TSR compared to the comparative group of companies over the 2-year period as set out in the relevant employee's employment contract. At 30 June 2019 no employee had become entitled to securities whose vesting conditions were the subject of the TSR criteria and as a result, 1,096,599 performance rights have lapsed.

(2) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals TSR compared to the comparative group of companies over the 3-year period as set out in the employee's employment contract. As a result of the testing of the Company's performance over this period no rights vested and thus no shares were issued (2018: 2,802,919).

(3) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights. At 30 June 2018 all performance rights have vested. As a result of the testing of the Company's performance over this period 166,796 rights vested and shares were issued (2018: nil).

(4) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights. At 30 June 2019 all performance rights have vested.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

(d) Other transactions with key management personnel

The loss from operations includes the following items of income that resulted from transactions other than compensation or equity holdings, with Key Management Personnel or their related parties:

	2019 \$	2018 \$
Interest income	—	603
Total recognised as income	—	603

(e) Transactions with other related parties

Other related parties include:

- The parent entity;
- Associates;
- Joint ventures in which the entity is a venturer;
- Subsidiaries;
- Key Management Personnel of the Group;
- Former Key Management Personnel; and
- Other related parties.

Transactions involving the parent entity

The directors elected for wholly-owned Australian entities within the Group to be taxed as a single entity from 1 July 2003.

No other transactions occurred during the financial year between entities in the wholly owned Group.

(f) Controlling entities

The ultimate parent entity of the Group is Neometals Ltd, a company incorporated and domiciled in Australia.

27. Auditors remuneration

Details of the amounts paid or payable to the auditor for the audit and other assurance services during the year are as follows:

	2019	2018
	\$	\$
Auditor (Deloitte Touche Tohmatsu)		
Audit fees	95,650	91,000
Other assurance services	37,800	—
	<u>133,450</u>	<u>91,000</u>

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the non-audit services provided did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

28. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the statement of financial position as follows:

	2019 \$	2018 \$
Cash and cash equivalents	109,462,006	26,342,414
Cash and cash equivalents included in a disposal group	—	—
	<u>109,462,006</u>	<u>26,342,414</u>

(b) Funds not available for use

Restrictions exist on bank deposits with a total value of \$4,244,118. Deposits are classified as financial assets (see Note 12).

Of the \$4,244,118 held in restricted bank deposits \$4,000,000 is held as security in relation to an unconditional performance bond issued by the National Australia Bank in favour of the Minister for State Development and DBNGP (WA) Transmission Pty Ltd. In addition, the Group has \$244,118 on deposit as security for a rental bond relating to its leased business premises.

(c) Reconciliation of profit / (loss) for the period to net cash flows from operating activities

	2019 \$	2018 \$ Restated*
Profit for the period	76,178,556	15,679,541
Profit on deconsolidation of subsidiary	—	—
Impairment	5,226,805	1,677,554
Impairment reversal	—	(14,694,964)
Profit on disposal of financial assets	(71,441)	(140,168)
Share of equity accounted entity's profit	—	(10,789,516)
Profit on the sale of associate	(98,216,158)	—
Gains on financial assets measured at FVTPL	(29,505)	(72,599)
Interest received on investments	(1,140,353)	(926,376)
Finance costs	60,649	62,599
Share issue costs	1,884	—
Depreciation and amortisation of non-current assets	117,364	42,530
Equity settled share-based payment	691,201	501,324
Net foreign exchange loss/(gain)	(334)	(53,231)
(Increase) / decrease in assets:		
Current receivables	(178,640)	472,016
Other	(29,652)	13,768
Increase / (decrease) in liabilities:		
Current payables	451,047	268,476
Current borrowings	—	(11,278)
Deferred tax liability	3,786,582	—
Provisions	(1,451,869)	(678,244)
Net Cash used in operating activities	<u>(14,603,864)</u>	<u>(8,648,568)</u>

*Refer to note 6 for details of restatement.

29. Financial instruments

(a) Financial risk management objectives

The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(c) Interest rate risk

The following tables detail the Group's exposure to interest rate risk:

2019	Weighted average effective interest rate %	Variable interest rate %	Maturity dates			Non interest bearing \$	Total \$
			Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets:							
Cash and cash equivalents AUD	2.00%	—	107,140,847	—	—	—	107,140,847
Cash and cash equivalents CAD	0.00%	—	284,108	—	—	—	284,108
Cash and cash equivalents USD	0.00%	—	14,725	—	—	—	14,725
Barrambie Gas term deposit ⁽ⁱ⁾	2.35%	—	4,000,000	—	—	—	4,000,000
Bond term deposits ⁽ⁱ⁾	2.13%	—	244,118	—	—	—	244,118
Cash deposits trust	0.00%	—	2,022,326	—	—	—	2,022,326
Trade and other receivables	0.00%	—	—	—	—	627,599	627,599
Financial liabilities:							
Trade payables	—	—	—	—	—	738,530	738,530

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period other financial assets. Additional information on all other term deposits is provided at Notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

2018	Weighted average effective interest rate %	Variable interest rate %	Maturity dates			Non interest bearing \$	Total \$
			Less than 1 year \$	1-5 years \$	More than 5 years \$		
Financial assets:							
Cash and cash equivalents AUD	2.46%	—	24,467,829	—	—	—	24,467,829
Cash and cash equivalents USD	0.00%	—	346,609	—	—	—	346,609
Barrambie Gas term deposit ⁽ⁱ⁾	2.70%	—	4,000,000	—	—	—	4,000,000
Bond term deposits ⁽ⁱ⁾	2.60%	—	43,000	—	—	—	43,000
Cash deposits trust	2.65%	—	527,193	—	—	—	527,193
Trade and other receivables	0.00%	—	—	—	—	4,510,984	4,510,984
Financial liabilities:							
Trade payables	—	—	—	—	—	882,106	882,106

(i) The balances represent two term deposits that are restricted in their use and are classified in the current reporting period other financial assets. Additional information on all other term deposits is provided at Notes 12 and 28(b). The financial assets have contractual maturities of less than one year, however they are classified as non-current in the statement of financial position as they are not accessible to the Group due to restrictions placed on accessing the funds.

(d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The consolidated entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than the Joint Venture. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In addition to financial liabilities in note 15, the Company is required to meet minimum spend commitments to maintain the tenure over the Company's mineral exploration areas as described in note 20.

(f) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values.

(g) Commodity price risk

The Group is exposed commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. No hedging or derivative transactions have been used to manage commodity price risk.

(h) Capital management

The board's policy is to endeavour to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group sources any additional funding requirements from either debt or equity markets depending on the market conditions at the time the funds are sourced and the purpose for which the funds are to be used. The Group is not subject to externally imposed capital requirements.

(i) Interest rate risk management

The Group is exposed to interest rate risk as the Group has funds on deposit as security for the head office lease and the Neometals Energy Pty Ltd onerous contract outlined at Note 16. The Group's financial borrowings (motor vehicle hire purchase lease) are not subject to interest rate risk as the rate is fixed at time of entering into the financing agreement.

The sensitivity analysis below has been calculated based on the exposure to interest rates at the end of the reporting period. A 50 basis point increase and decrease has been used when reporting the interest rate risk and represents management's assessment of the potential change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2019 would decrease/increase by \$568,530 (2018: decrease/increase \$151,923). This is mainly attributable to the Group's exposure to interest rates on the maturity of its term deposits.

30. Events after the reporting period

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the Group in subsequent financial years.

Appendix A

Remuneration Report (audited) for the year ended 30 June 2019

Remuneration Report (audited)

Key Management Personnel

The following persons were deemed to be Key Management Personnel (“KMP”) during or since the end of the financial year for the purpose of Section 300A of the Corporations Act 2001 and unless otherwise stated were KMP for the entire reporting period.

Non-executive Directors

- Steven Cole Non-executive Director/Chairman
- David Reed Non-executive Director/Deputy Chairman
- Natalia Streltsova Non-executive Director
- Douglas Ritchie Non-executive Director
- Jenny Purdie Non-executive Director (Appointed: 26 September 2018)
- Les Guthrie Non-executive Director (Appointed: 26 September 2018)

Executive Directors

- Christopher Reed Managing Director and CEO

Other executives

- Jason Carone Chief Financial Officer and Company Secretary
- Michael Tamlin Chief Operating Officer
- Darren Townsend Chief Development Officer

Remuneration policy for key management personnel

Non-executive directors

The board’s policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration committee on behalf of the board determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, shareholder sentiment, board workload, company cashflow capacity and corporate performance generally. Independent external advice and/or benchmark comparisons are sought when required. The maximum aggregate amount of fees that can be paid to Non-executive Directors is \$600,000 as approved by shareholders at the Annual General Meeting on 27 November 2015. Fees for Non-executive Directors are not linked to the performance of the economic entity. However, to align Directors’ interests with shareholder interests, the Directors are encouraged to hold shares in the Company and invited to salary sacrifice fees for performance rights pursuant to the company’s Performance Rights Plan (“PRP”).

General

The remuneration policy for employees is developed by the Remuneration Committee taking into account market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

The Company adopted a revised PRP for its staff, executive KMP and Non-executive Directors in November 2017 and shareholders reapproved the issue of securities under the plan in November 2017. The board believes that the PRP will assist the Consolidated Entity in remunerating and providing ongoing incentives to employees of the Group.

The rules of the PRP enable the Company to issue performance rights to eligible personnel subject to performance and vesting conditions determined by the Company. Each performance right entitles the holder, for nil cash consideration, to one fully paid ordinary share in the Company for every performance right offered, if the applicable performance and vesting conditions set for that holder are satisfied.

During the financial year a total of 2,137,056 (2018: 2,377,312) performance rights were offered to and accepted by KMP. Of this amount 1,894,413 performance rights are subject to relative and absolute Total Shareholder Return (“TSR”) and other strategic hurdles, details of which can be found in the “Service agreements – performance based remuneration” section below. Testing undertaken for the period ended 30 June 2019 and 31 December 2019 resulted in 166,796 performance rights subject to the TSR criteria vesting.

The Group's remuneration policy for executive KMP seeks to balance its desire to attract, retain and motivate high quality personnel with the need to ensure that remuneration incentivises them to pursue growth and success of the Company without taking undue risks and without it being excessive remuneration.

To align the interests of the executive with that of the company remuneration packages for executive KMPs contain the following key elements:

- a) Fixed Base Salary – salary, superannuation and non-monetary benefits;
- b) Short Term Incentives – cash bonus incentives applied to a maximum percentage of Fixed Base Salary and structured against relative satisfaction (at the reasonable discretion of the board) of certain corporate and personally related key performance indicators of the executive.
- c) Long Term Incentives – the grant of performance rights in the Company, with value capped to a maximum percentage of Fixed Base Salary, vesting progressively while the executive remains employed, with the degree of vesting structured against the Company's relative and absolute TSR performance against a comparator group of companies as well as other strategic hurdles.

The Company's remuneration is specifically designed to encourage loyalty and longevity of employment as well as aligning the employee's interests with those of the Company and the creation of genuine long term sustainable value for security holders.

All remuneration provided to KMP in the form of share based payments are valued pursuant to AASB 2 Share-based Payment at fair value on grant date and are expensed on a *pro rata* basis over the vesting period of the relevant security.

Relationship between the remuneration policy and company performance

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth for the five years to June 2019:

	30 June 2019 \$	30 June 2018 \$	30 June 2017 \$	30 June 2016 \$	30 June 2015 \$
			Restated		
Revenue ⁽ⁱ⁾	—	—	—	—	419,526
Net profit / (loss) before tax ⁽ⁱⁱ⁾	(19,242,733)	4,009,985	4,745,744	83,832,380	(10,314,405)
Net profit / (loss) after tax ⁽ⁱⁱⁱ⁾	76,178,556	15,679,541	4,963,444	84,606,280	(10,314,405)
Share price at start of year	0.30	0.27	0.450	0.091	0.018
Share price at end of year	0.21	0.30	0.270	0.450	0.091
Market capitalisation at year end (undiluted)	114,234,596	163,059,742	147,447,206	251,590,166	45,701,361
Basic profit / (loss) per share	0.1400	0.0290	0.0085	0.1568	(0.0203)
Diluted profit / (loss) per share	0.1401	0.0288	0.0084	0.1562	(0.0203)
Dividends Paid	10,879,485	5,435,325	11,260,217	11,181,785	Nil

(i) Although the past 4 financial years have returned a net profit before tax there has been no revenues from ordinary activities. The group has been profitable in these financial years from the sell down of the investment held in RIM in 2016 and 2019, and respective associate profits booked from the project in 2017 and 2018 and an impairment reversal in 2018 relating to the Barrambie project.

(ii) Exclusive of profits resulting from discontinued operations.

(iii) Inclusive of profits resulting from discontinued operations.

* Refer to note 6 for details of restatement.

Key management personnel remuneration

The KMP received the following amounts during the year as compensation for their services as directors and executives of the Company and/or the Group.

2019	Short-term employee benefits				Post-employment benefits	Share based payments		Total	% remuneration linked to performance
	Salary & fees	Bonus FY 18'19	Non-Monetary ⁽²⁾	Other	Super-annuation	Shares	Performance rights		
	\$	\$	\$	\$	\$	\$	\$	\$	
Non-executive Directors									
S. Cole	73,059	—	—	—	6,941	—	50,000	130,000	—
D. Reed	73,059	—	—	—	6,941	—	—	80,000	—
N. Streltsova	62,100	—	—	—	5,900	—	12,000	80,000	—
D. Ritchie	62,100	—	—	—	5,900	—	12,000	80,000	—
J. Purdie	54,795	—	—	—	5,205	—	—	60,000	—
L. Guthrie	54,795	—	—	—	5,205	—	—	60,000	—
	379,908	—	—	—	36,092	—	74,000	490,000	—
Executive directors									
C. Reed	515,000	90,000	50,351	—	25,000	—	189,970	870,321	32
	515,000	90,000	50,351	—	25,000	—	189,970	870,321	—
Other executives:									
M. Tamlin	349,400	60,000	9,218	—	25,000	—	70,290	513,908	25
J. Carone	305,000	60,000	17,528	—	25,000	—	57,629	465,157	25
D. Townsend	335,000	40,000	—	—	25,000	—	86,957	486,957	26
	989,400	160,000	26,746	—	75,000	—	214,876	1,466,022	—
Total	1,884,308	250,000	77,097	—	136,092	—	478,846	2,826,343	—

2018	Short-term employee benefits				Post-employment benefits	Share based payments		Total	% remuneration linked to performance
	Salary & fees	Bonus FY 18'19	Non-Monetary ⁽²⁾	Other	Super-annuation	Shares	Performance rights		
	\$	\$	\$	\$	\$	\$	\$	\$	
Non-executive Directors									
S. Cole	73,059	—	—	—	6,941	—	50,000	130,000	—
D. Reed	73,059	—	—	—	6,941	—	—	80,000	—
N. Streltsova	62,100	—	—	—	5,900	—	12,000	80,000	—
D. Ritchie	62,100	—	—	—	5,900	—	12,000	80,000	—
	270,318	—	—	—	25,682	—	74,000	370,000	—
Executive directors									
C. Reed	515,000	61,200	2,409	—	25,000	—	159,374	762,983	29
	515,000	61,200	2,409	—	25,000	—	159,374	762,983	—
Other executives:									
M. Tamlin	349,400	50,000	127,866	—	25,000	—	67,803	620,069	19
J. Carone	275,000	50,000	22,324	—	25,000	—	56,503	428,827	25
D. Townsend ⁽¹⁾	209,414	50,000	—	—	15,909	—	32,271	307,594	27
	833,814	150,000	150,190	—	65,909	—	156,577	1,356,490	—
Total	1,619,132	211,200	152,599	—	116,591	—	389,951	2,489,473	—

(1) Commenced 13 November 2018

(2) Relates to fringe benefits received by key management personnel

Service agreements – performance based remuneration

The KMP of the Company, other than non-executive directors, are employed under service agreements. A summary of performance conditions for relevant KMP are detailed below:

Name:	Mr. J. Carone
Position:	Chief Financial Officer / Company Secretary
Term:	No defined term
Termination:	3 months notice period and 3 months termination payment

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus up to 25% of the KMP's annual salary package (\$330,000 inclusive of superannuation for 2018-19). The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price. The STI for 2018-19 was set at a maximum of \$82,500 of which 73% or \$60,000 was agreed to be paid by management.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name:	Mr. C. Reed
Position:	Managing Director
Term:	Expiry date of 30 June 2020
Termination notice period:	12 months by employee
Termination notice period:	6 months by executive

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to one third of the KMP's annual salary package (\$540,000 inclusive of superannuation for 2018-19). The STI for 2018-19 was set at a maximum of \$180,000 representing approximately 33% of the annual base salary package of which 50% or \$90,000 was acknowledged and agreed by the Board and Mr C Reed. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{50}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 60 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. M. Tamlin
Position: Chief Operating Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package (\$374,400 inclusive of superannuation for 2018-19). The STI for 2018-19 was set at a maximum of \$123,552 representing approximately 33% of the annual base salary package of which 49% or \$60,000 was acknowledged and agreed by the board and Mr M Tamlin. The basis for calculating the STI will be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Name: Mr. D. Townsend
Position: Chief Development Officer
Term: No defined term
Termination notice period: 6 months

Incentive based remuneration

Short Term Incentive

Each financial year during the term of his service agreement the board, at its sole discretion, may award the KMP a cash bonus of up to 33% of the KMP's annual salary package (\$360,000 inclusive of superannuation for 2018-19). The STI for 2018-19 was set at a maximum of \$118,000 representing approximately 33% of the annual base salary package of which 34% or \$40,000 was acknowledged and agreed by the CEO and Mr D Townsend. The basis for calculating the STI will

be a range of criteria including both the KMP's personal performance and the Company's financial performance/position and share price.

Long Term Incentive

Each financial year during the term of his service agreement the KMP is entitled to receive performance rights granted under the Company's Performance Rights Plan. The maximum number of performance rights to which the KMP may be granted is based on the following calculation and vesting of the performance rights are subject to further criteria which are also set out below, as approved by shareholders.

Calculation of potential entitlement to performance rights

$$P = \frac{33}{100} \times \frac{S}{VWAP}$$

Where:

P is the potential performance rights entitlement

S is the KMP's annual salary package for the applicable period

VWAP is the 30 day volume weighted average price of ordinary shares in Neometals Ltd for the period ended 30 June of the preceding financial year.

Criteria

The grant of Performance Rights is designed to reward long term sustainable business performance measured over a three year period with an opportunity for the performance conditions to be re-measured six months later should they not vest at the first vesting date. The KMP's entitlement to the performance rights is dependent on 3 criteria:

(a) Tranche 1 – Relative TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by comparing the Company's total shareholder return (TSR) with that of a comparator group of resource companies over the relevant period.

The Performance Rights will vest depending on the Company's percentile ranking within the comparator group on the relevant Vesting Date as follows:

- If the Company ranks below the 50th percentile, none of the Performance Rights will vest.
- If the Company ranks at the 50th percentile, 50% of the Performance Rights will vest.
- For each 1% ranking at or above the 51st percentile, an additional 2% of the Performance Rights will vest, with 100% vesting where the Company ranks at or above the 75th percentile.

(b) Tranche 2 – Absolute TSR

The performance conditions of 40% of Performance Rights will be measured as at each vesting date by calculating the Company's TSR calculated over the period commencing on the Comparator Start Date and ending on the relevant Vesting Date (Absolute TSR).

The Performance Rights will vest depending on the Company's Absolute TSR on the relevant Vesting Date as follows:

- If the Company's Absolute TSR is less than 15%, none of the Performance Rights will vest.
- If the Company's Absolute TSR is 15%, 50% of the Performance Rights will vest.
- For each additional 1% TSR above 15% Absolute TSR, an additional 10% of the Performance Rights will vest, with 100% vesting where the Company's Absolute TSR is at or above 20%.

(c) Tranche 3 – Business plan

The performance conditions of 20% of Performance Rights will be measured as at each Vesting Date as follows:

10% will vest if the combined market capitalisation of Neometals and any entity demerged from the Neometals Group and separately listed on the ASX would meet the threshold for entry into the ASX/S&P 200 Index.

10% will vest if any two of the following have been achieved (as assessed by the Board):

- an LiOH plant is under construction or in operation;
- a Barrambie/Neomet plant under construction/in operation;
- an Li-Battery recycling plant under construction/in operation;
- third party royalties received from the commercialisation of Neometals' technology >A\$5M in aggregate.

Performance rights granted to the KMP have a vesting period of 3 years from grant date and will lapse on the KMP ceasing to be an employee of the Group prior to the vesting date.

The Company provides the KMP with performance based incentives in order to incentivise KMP to pursue strategies that are aligned with the overall business strategy and the interests of the shareholders. Where deemed appropriate the Company has set specific Key Performance Indicators as performance criteria for staff that have a direct role/responsibility in achieving a specific outcome. To ensure that KMP are also incentivised to pursue longer term strategies that increase shareholder wealth a portion of the KMP's remuneration is linked to a "comparative TSR model" which links the level of the KMP remuneration to the Company's performance against a group of comparable ASX listed entities, using Total Shareholder Return as the basis of comparison. KMP are also issued with performance rights with service conditions as vesting criteria which assist the company retain staff as well as aligning the interests of the KMP with shareholders. The Company has deemed the issue of service based performance rights as an appropriate form of remuneration due to the uncertain nature of the Group's business, that is, mineral exploration, mining and developing new mineral processing technologies.

The comparator group adopted by the company for LTI granted in 2017 (vest 2020) is as follows:

- Galaxy Resources Limited (ASX: GXY)
- TNG Ltd (ASX: TNG)
- Nemaska Lithium Inc. (TSX: NMX)
- Iluka Resources Limited (ASX: ILU)
- Argex Titanium Inc. (TSX: RGX)
- Pilbara Minerals Limited (ASX: PLS)
- Global X Lithium ETF (NYSE Arca: LIT)
- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE: UMI)

The comparator group adopted by the company for LTI granted in 2018 (vest 2021) is as follows:

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- S&P ASX Small Resources Index (ASXR: ASX)
- S&P ASX 300 (XKO: ASX)
- Orocobre Limited (ORE.ASX)
- Umicore Belgium (BSE:UMI)
- AVZ Minerals Limited (ASX:AVZ)

The Company has selected the above group of companies as the comparator group for the following reasons:

1. It represents a reasonable cross section of resource companies with reasonably comparable market capitalisation, resource base and stage of development to that of the Company
2. The group is primarily focused on developing industrial minerals projects.

The Company's performance rights plan was approved by shareholders at the 2017 AGM.

Performance rights issued as part of KMP remuneration

Performance Rights granted to key management personnel

The following tables summarises information relevant to the current financial year in relation to the grant of performance rights to KMP as part of their remuneration. Performance rights are issued by Neometals Ltd.

Name	During the Financial Year					
	Grant date	No. granted	No. vested	Fair value at grant date ⁽³⁾	Earliest exercise date	Consideration payable on exercise
KMP:						
C. Reed ⁽¹⁾	10/08/2018	835,339	—	209,252	30/06/2021	—
J. Carone ⁽¹⁾	10/08/2018	307,156	—	76,943	30/06/2021	—
M. Tamlin ⁽¹⁾	10/08/2018	383,330	—	96,024	30/06/2021	—
D. Townsend ⁽¹⁾	10/08/2018	368,587	—	92,331	30/06/2021	—
N. Streltsova ⁽²⁾	10/08/2018	39,348	—	12,000	30/06/2019	—
D. Ritchie ⁽²⁾	10/08/2018	39,348	—	12,000	30/06/2019	—
S. Cole ⁽²⁾	10/08/2018	163,948	—	50,000	30/06/2019	—
Total		2,137,056	—	548,550		—

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) These Non-executive Directors elected to sacrifice Directors Fees for performance rights pursuant to the company's PRP.

(3) These values have been calculated using the monte carlo valuation method.

Details of performance rights held by KMP and of shares issued during the financial year as a result of the vesting of performance rights:

2019	Balance at 01/07/18 No.	Grant date	Granted No.	Fair value of rights at grant date \$	Vested during the financial year No.	Forfeited/lapsed during the financial year No.	Balance at 30/06/2019 No.	Ordinary shares issued on exercise of rights No.
KMP:								
C. Reed ⁽¹⁾	1,573,735	10/08/2018	835,339	209,252	—	621,261	1,787,813	—
J. Carone ⁽¹⁾	586,075	10/08/2018	307,156	76,943	—	216,063	677,168	—
M. Tamlin ⁽¹⁾	703,290	10/08/2018	383,330	96,024	—	259,275	827,345	—
D. Townsend ⁽¹⁾	444,015	10/08/2018	368,587	92,331	—	—	812,602	—
N. Streltsova ⁽²⁾	—	10/08/2018	39,348	12,000	39,348	—	39,348	—
D. Ritchie ⁽²⁾	—	10/08/2018	39,348	12,000	39,348	—	39,348	—
S. Cole ⁽²⁾	—	10/08/2018	163,948	50,000	163,948	—	163,948	—
Total	3,307,115		2,137,056	548,550	242,644	1,096,599	4,347,572	—

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights.

2018	Balance at 01/07/17 No.	Grant date	Granted No.	Fair value of rights at grant date \$	Vested during the financial year No.	Forfeited/ lapsed during the financial year No.	Balance at 30/06/2018 No.	Ordinary shares issued on exercise of rights No.
KMP:J. Carone⁽¹⁾	314,995	03/10/2017	370,012	149,419	—	98,932	586,075	494,540
C. Reed ⁽¹⁾	887,163	03/10/2017	952,474	482,512	—	265,902	1,573,735	1,329,190
M. Tamlin ⁽¹⁾	455,160	11/12/2017	444,015	179,304	—	195,885	703,290	979,189
D. Townsend ⁽¹⁾	—	11/12/2017	444,015	149,633	—	—	444,015	—
N. Streltsova ⁽²⁾	—	05/01/2017	27,048	12,000	27,048	—	—	—
D. Ritchie ⁽²⁾	—	05/01/2017	27,048	12,000	27,048	—	—	—
S. Cole ⁽²⁾	—	05/01/2017	112,700	50,000	112,700	—	—	—
Total	1,657,318		2,377,312	1,034,868	166,796	560,719	3,307,115	2,802,919

(1) The number of performance rights that will actually vest, if any, is determined by the Company's performance based on Neometals relative and absolute TSR compared to the comparative group of companies over a 3 year period and Business Plan strategic objectives.

(2) Under the Performance Rights Plan, Non-Executive Directors were invited to sacrifice part of their fees for their services in exchange for performance rights.

The performance rights granted entitle the grantee to one fully paid ordinary share in Neometals Ltd for nil cash consideration on satisfaction of the vesting criteria.

Use of remuneration consultants

During the year no remuneration consultants were used in relation to the company's Performance Rights Plan.

This is the end of the audited remuneration report.

Part VI

Additional Information

1. Responsibility

The Directors, whose names are set out on page 7 of this document, and the Company accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

The Competent Person, whose full name and address is set out on page 66 of this document, accepts responsibility for the information contained in the Competent Person's Report set out in Part III of this document. To the best knowledge of the Competent Person (having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

2. The Company

The Company was incorporated in Australia on 20 December 2001 under the name Reed Resources Ltd with Australian Company Number 099 116 631 as a public company with limited liability under the Australian Corporations Act. On 12 December 2014, the Company changed its company name and registered business name to Neometals Ltd.

The Company is a public limited company and, accordingly, the liability of its members is limited.

The principal legislation under which the Company was formed and operates is the Australian Corporations Act and the regulations made thereunder.

The Company's registered office is at Level 1, 1292 Hay St, West Perth WA 6005, Australia.

The business of the Group and its principal activity is mineral exploration.

3. Subsidiaries

The Company is the holding company of the Group. The following table contains details of the Company's subsidiaries:

Company Name	Principal Activity	Country of Incorporation	Percentage Ownership	Capital Structure
A.C.N. 630 589 507 Pty Ltd	Holds patented battery recycling technology	Australia	100%	1 ordinary share owned by Neometals
Adamant Technologies Pty Ltd	Commercialise and develop proprietary mineral processing technologies.	Australia	100%	1 ordinary share owned by Neometals
Alphamet Management Pty Ltd	Commercialise and develop proprietary mineral processing technologies.	Australia	100%	1 ordinary share owned by Neometals
Australian Titanium Pty Ltd	Barrambie Project	Australia	100%	23,237,041 ordinary shares owned by Neometals
Avanti Materials Ltd	Recovery of vanadium and gypsum from vanadium bearing waste slags	Australia	100%	1 ordinary share owned by Neometals
Ecometals Pty Ltd		Australia	100%	

Company Name	Principal Activity	Country of Incorporation	Percentage Ownership	Capital Structure
	Holds exploration licence prospective for nickel and gold (unrelated to the Barrambie project)			1 ordinary share owned by Neometals
Inneovation Pty Ltd	Barrambie Project	Australia	100%	1,000 ordinary shares owned by Neometals
Neomaterials Pty Ltd	Applicant for registered intellectual property rights in relation to lithium processing R&D	Australia	100%	1 ordinary share owned by Neometals
Neometals Energy Pty Ltd	Barrambie Project (DBNGP contract)	Australia	100%	1 ordinary share owned by Neometals
Neometals Investments Pty Ltd	Holding company for the Group's portfolio investments	Australia	100%	3 ordinary shares owned by Neometals
Reed Advanced Materials Pty Ltd	An incorporated joint venture arrangement between Neometals and Process Minerals International Pty Ltd to evaluate the lithium hydroxide process	Australia	70%	7 ordinary shares owned by Neometals 3 ordinary shares owned by Process Minerals International
Urban Mining Pty Ltd	Commercialise and develop proprietary mineral processing technologies.	Australia	100%	3,244,133 ordinary shares owned by Neometals

4. Share Capital

As at the date of this document, the share capital of the Company comprises of 548,376,396 fully paid Ordinary Shares and 15,293,385 performance rights (NMTAA) (**Performance Rights**). The key terms of the Performance Rights are summarised in paragraph 12 below.

Since 1 July 2018 (being the commencement of the period of the historical financial information) until the date of this document, there have been the following changes in the issued share capital of the Company:

- On 4 July 2018, 414,748 fully paid Ordinary Shares were issued pursuant to the exercise of unquoted performance rights.
- On 22 January 2019, 27,048 fully paid Ordinary Shares were issued pursuant to the exercise of unquoted performance rights.
- On 8 July 2019, 463,948 fully paid Ordinary Shares were issued pursuant to the exercise of unquoted performance rights.
- On 24 January 2020, 78,696 fully paid Ordinary Shares were issued pursuant to the exercise of unquoted performance rights.
- On 1 July 2020, 834,353 fully paid Ordinary Shares were issued pursuant to the exercise of unquoted performance rights.

- On 12 July 2021, 3,025,130 fully paid Ordinary Shares were issued pursuant to the exercise of unquoted performance rights.

No Ordinary Shares are issued other than as fully paid. The Ordinary Shares have no par value.

There are no Ordinary Shares held in the Company by or on behalf of the Company or by any of the Company's subsidiaries. The Company does not have any authorised share capital. There is generally no limit in the Australian Corporations Act or the Constitution on the power of the Board to issue shares. In particular, the general concept under English law that existing Shareholders have a statutory right (subject to certain exceptions) to be offered newly issued shares in a company for cash only before such shares can be offered to new investors does not apply to Australian companies unless it is specifically included in their constitution, which is not the case in respect of the Company.

However, subject to certain exceptions (including those in respect of *pro rata* issues and issues under employee schemes):

- ASX Listing Rule 7.1 prohibits a company which is listed on the ASX from issuing or agreeing to issue securities (including shares or options) representing more than 15 per cent. of its issued capital in any 12 month period without Shareholder approval unless one of the exceptions set out in ASX Listing Rule 7.2 apply. Such Shareholder approval requires an ordinary resolution passed by a simple majority;
- as explained in paragraph 16 of Part I of this document, save in relation to certain exempt acquisitions, Chapter 6 of the Corporations Act prohibits the acquisitions of a "relevant interest" in voting shares in a company (whether by transfer or issue) if, as a result of the acquisition, the "voting power" of the acquirer (or any other person) would increase:
 - from 20 per cent. or below to more than 20 per cent.; or
 - at all from a starting point which is above 20 per cent. but less than 90 per cent; and
- the Australian Corporations Act contains provisions governing the disclosure obligations of a company making an offer/issue of securities. The general rule is that an offer of securities must be accompanied by disclosure to potential investors in a prescribed document (either a prospectus, a short form prospectus, a profile statement or an offer information statement) unless the type of offer falls within an exemption. Types of offers which do not require disclosure include offers to sophisticated investors and professional investors, offers to people associated with the company, certain offers to existing holders of securities and issues for no consideration.

Apart from the Performance Rights set out in paragraph 12 below, the Company has not (i) entered into any other agreements under which it has agreed, or (ii) is not otherwise considering plans, to issue any further securities as at the date of this document.

5. **Widgie Nickel Demerger**

Widgie Nickel Limited (**Widgie Nickel**) was previously a wholly owned subsidiary of the Company. The Company undertook a demerger of Widgie Nickel (via an in-specie distribution to the Company's Shareholders), which was implemented on 26 August 2021, with Widgie Nickel subsequently admitted to the official list of the ASX on 22 September 2021 (**De-merger**).

Following completion of the De-merger, the Company cease to own Widgie Nickel or hold an interest in Widgie Nickel's wholly owned subsidiary, Mt Edwards Lithium Pty Ltd (**MELPL**)

The Company, Widgie Nickel and MELPL have entered into a series of restructure arrangements, which include certain indemnities with respect to the demerger process. The process of novating agreements relating to MELPL which the Company remains a party to is ongoing (noting the Company has an indemnity from MELPL in respect of those contracts).

6. OTC Programme and ADRs

Neometals has issued American Depositary Receipts (**ADRs**), which trade on the over the counter market in the United States of America. Each ADR represents 10 Ordinary Shares.

Neometals also has over the counter listings in Germany via designations on the Tradegate, Stuttgart, Frankfurt, Hamburg and Berlin bourses, Gettex, Quotrix and L&S.

7. Constitution

This summary of the Constitution is neither exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders as the case may be. A full copy of the Constitution is available on the Company's website.

A. Objects

The Constitution contain no specific restrictions on the Company's objects.

B. General Meetings

A general meeting may only be called by a Board resolution or as otherwise provided in the Australian Corporations Act. The Board may, by notice to the Australian Securities Exchange, change the venue for, postpone or cancel a general meeting. However, where the meeting is called in accordance with a members' requisition or otherwise that is not by a Board resolution, the Board must also obtain the prior written consent of the persons who called or requisitioned the meeting.

A notice of the general meeting must be given to each person who at the time is a member, director or auditor of the Company, or is entitled to a share because of a 'Transmission Event'. A 'Transmission Event' is an event of a member's death, a member's bankruptcy, a member becoming of unsound mind or a person whose estate is dealt with any way under the laws relating to mental health, or the dissolution of the member or the succession by any body corporate to the assets and liabilities of a member.

The content of the notice must state the general nature of the business to be transacted and any other matters required by the Australian Corporations Act. The accidental or inadvertent failure to give a member or any other person notice of a general meeting or a proxy form does not invalidate anything one or resolution passed at the general meeting.

A quorum for a general meeting is 5 or more members present and entitled to vote on a resolution at a meeting. No business may be transacted at a general meeting, except the election of a chairperson and adjournment of the meeting, unless a quorum of members is present when the meeting proceeds.

If a quorum is not present within 30 minutes after the time appointed for the general meeting:

- if the meeting is called at the request of member, the must be dissolved;
- otherwise, the meeting is adjourned to the day, time and place the directors present decide (or if the directors do not make a decision, the same day in the next week at the same time and place).

If a quorum is not present at the adjourned meeting, then the meeting must be dissolved.

Except where a resolution requires a special majority, questions arising at a general meeting must be decided by a majority of votes cast by the members present at the meeting. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deLIBerative vote.

Each question submitted to a general meeting is to be decided in the first instance by a show of hands of the members present and entitled to vote, unless the chairperson determines it will be decided by poll without first submitting to a show of hands.

C. Voting Rights

Subject to the Constitution, the Australian Corporations Act and any rights or restrictions attached to any shares or class of shares, at a general meeting:

- on a show of hands, every member present has one vote; and
- on a poll, every member present has one vote for each share held as at the specified record time by the member entitling the member to vote.

If a person present at a general meeting represents more than one member, on a show of hands the person is, subject to the Australian Corporations Act, entitled to one vote only even though he or she represents more than one member.

D. Calls and forfeiture

Subject to the terms on which any shares are issued, the Board may (i) make calls on the members for any amount unpaid on their shares which is not payable at fixed times, and (ii) on the issue of shares, differentiate between members as to the amount of calls to be paid and the time for payment. The Board must send to members a notice of the call at least 14 days before the amount is called due and each member must pay the amount to the Company by the time and in the manner specified.

If an amount called on a share is not paid by the time specified for payment, the person who owes the amount must pay interest on the unpaid part of the amount from the date payment is due to the date payment is made. If the share was issued after the date the Constitution is adopted, the person must also pay any costs, expenses or damages the Company incurs due to the failure to pay or late payment. The Board may, to the extent law permits, waive or compromise all or part of any call payment due to the Company.

If a member fails to pay the whole of a call or an instalment of a call by the time specified for payment, the Board may serve a notice on that member requiring payment of the unpaid part, together with any interest and all costs, expenses or damages that the Company has incurred. The notice must also name a further time by which, and at the manner in which, the amount payable must be paid and state the whole of the amount payable if the notice is not complied with.

If a member does not comply with a notice, the Board may by resolution forfeit such shares in the manner specified in the notice. A forfeited share becomes the property of the Company and the Board may sell, reissue or otherwise dispose of the share as it thinks fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but must, unless the Board decides otherwise, pay to the Company all calls, instalments, interest, costs, expenses and damages owing on the shares at the time of forfeiture and interest on the unpaid part of the amount payable from the date of forfeiture to the date of payment.

E. Variation of rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied with the written consent of the holders of 75 per cent. of the shares of the class or by a special resolution passed at a separate meeting of the holders of shares of the class. The provisions of the Constitution relating to general meetings apply, with necessary changes, to separate class meetings as if they were general meetings except that a quorum is 2 persons holding or representing at least one third of the issued shares of the class (or, if there is 1 holder of shares in a class, that person) and any holder of shares of the class present may demand a poll. The rights conferred on the holders of any class of shares are to be taken as not having been varied by the creation or issue of further shares ranking equally with them.

F. Classes of shares

The share capital of the Company is currently made up of 548,376,396 fully paid ordinary share. The Ordinary Shares are voting shares and benefit from all of the rights attaching to those shares contained within the Constitution and as summarised in paragraph 5B, 5C, 5D, 5E, 5G, 5I and 5O of this Part VII.

G. Transfer of shares

Subject to the Constitution and to any restrictions attached to a member's shares, a member may transfer any of the member's shares by a Proper ASTC Transfer or a written transfer in any usual form or in any other form approved by the Board.

A transfer must be:

- signed by or on behalf of the transferor and, if required by the Company, the transferee;
- if required by law, duly stamped; and
- left for registration at the Company's registered office, or at any other place the Board decides, with such evidence the Board requires to prove the transferor's title to the shares and the transferee's right to be registered as the owner of the shares.

Subject to the below, the Company must register the transferee named in the transfer as the holder of the relevant shares upon receiving a transfer. The transferor of shares remains the holder of the shares until a Proper ASTC Transfer has been effected or the transferee's name is entered in the register of members as the holder of the shares.

The Board may decline to register, or prevent registrations of, a transfer of shares or apply a holding lock to prevent a transfer in accordance with the Australian Corporations Act or the ASX Listing Rules where:

- the transfer is not in registrable form;
- the Company has a lien on any of the shares transferred;
- registration of the transfer may breach a law of Australia;
- the transfer is paper-based and registration of the transfer will result in a holding which, at the time the transfer is lodged, is less than a marketable parcel;
- the transfer is not permitted under the terms of an employee share plan; or
- the Company is otherwise permitted or required to do so under the ASX Listing Rules or, except for a Proper ASTC Transfer, under the terms of the issue of shares.

The Board may suspend the registration of transfers at any time, and for any periods, permitted by the ASX Settlement Operating Rules that it decides.

H. Allotment of shares

Subject to the Constitution, the Board may issue, allot or grant options for, or otherwise dispose of, shares in the Company; and decide the persons to whom shares are issued or options are granted, the terms on which shares are issued or options are granted, and the rights and restrictions attached to those shares or options.

The Company may also issue preference shares including those which are or at the option of the Company or holder are, liable to be redeemed or convertible into ordinary shares.

I. Dividends and other distributions

The Board may pay any interim and final dividends that, in its judgment, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a share. Paying a dividend does not require confirmation at a general meeting.

Subject to any rights or restrictions attached to any shares or class of shares, all dividends must be paid equally on all shares, except that a partly paid share confers an entitlement only to the proportion of the dividend which the amount paid on the share is of the total amounts paid and payable. Unless the Board decides otherwise, an amount paid on a share in advance of a call is to be taken as not having been paid until it becomes payable. Interest is not payable by the Company on any dividend.

When resolving to pay a dividend, the Board may direct payment of the dividend from any available source permitted by law, including:

- wholly or partly by the distribution of specific assets (including paid-up shares or other securities of the Company or of another body corporate) either generally or to specific members; and
- unless prevented by the ASX Listing Rules, to particular members wholly or partly out of any particular fund or reserve or out of profits derived from any particular source, and to the other members wholly or partly out of any other particular fund or reserve or out of profits derived from any other particular source.

The Board may retain from any dividend payable to a member any amount presently payable to the member of the Company and apply the amount retained to the amount owing.

The Board may pay the dividend or other amount in respect of a share by different methods of payment, including electronic transfer and by cheque.

J. Appointment of directors

Unless the Company resolves otherwise at a general meeting, the number of directors shall not be less than 3 and not be more than 10. The Board may appoint any eligible person to be a director, either as an addition to the existing directors or to fill a casual vacancy, but so that the total number of directors does not exceed the maximum number fixed under the Constitution. A director (who is not a managing director) appointed by the Board holds office until the conclusion of the next annual general meeting following his or her appointment.

A director is not required to hold any shares in the Company to qualify for appointment.

Directors (except the managing director) may not hold office without re-election beyond the third annual general meeting following the meeting at which the director was last elected or re-elected.

The members may by resolution at a general meeting appoint an eligible person to be a director, either as an addition to the existing directors or to fill a casual vacancy, but so that the total number of directors does not exceed the maximum number fixed under the Constitution

K. Remuneration of directors

The Board may decide the remuneration from the Company to which each director is entitled for his or her services as a director but the total aggregate amount provided, to all non-executive directors of the Company for their services as directors must not exceed AU\$800,000 in any financial year, as approved by Shareholders at the annual general meeting on 1 December 2021.

When calculating a non-executive director's remuneration, any amount paid by the Company or related body corporate:

- to a superannuation, retirement or pension fund is to be included;
- as fees for acting as a director of the Company or any child entity is to be included;
- as securities, issued with the approval of members under the ASX Listing Rules, are to be excluded; and
- for any insurance premium paid or agreed to be paid for a director is to be excluded.

The remuneration of a director (who is not a managing director or an executive director) must not include a commission on, or a percentage of, profits or operating revenue. The directors are entitled to be paid all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from the Company's general meetings or the Board or committee meetings.

Any director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a non-executive director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

The Board may establish or support, or assist in the establishment or support, of funds and trusts to provide pension, retirement, superannuation or similar payments or benefits to or in respect of the directors or former directors and grant pensions and allowances to those persons or their dependants either by periodic payment or a lump sum.

L. Retirement and removal of directors

A director is not required to retire and is not relieved from retiring because of a change in the number or identity of the directors after the date of the notice calling the annual general meeting but before the meeting closes.

The retirement of a director from office under the Constitution and the re-election of a director or the election of another person to that office (as the case may be) takes effect at the conclusion of the meeting at which the retirement and re-election or election occur.

A person is eligible for election to the office of a director at a general meeting only if:

- the person is in office as a director immediately before that meeting;
- the person has been nominated by the Board for election at that meeting;
- where the person is a member, he or she has given the company a notice signed by him or her stating the member's desire to be a candidate for election at that meeting; or
- where the person is not a member, a member intending to nominate the person for election at that meeting has given the Company a notice signed by the member stating the member's intention to nominate the person for election, and a notice signed by the person stating his or her consent to the nomination.

A partner, employer or employee of an auditor of the Company may not be appointed or elected as a director.

M. Directors' interests and conflicts

A contract or arrangement entered into by or on behalf of the Company in which a director is in any way interested is not invalid or voidable merely because the director holds office as a director or because of the fiduciary obligations arising from that office.

A director who is interested in any arrangement involving the Company is not liable to account to the Company for any profit realised under the arrangement merely because the director holds office as a director or because of the fiduciary obligations arising from the office.

A director may hold any other office or position (except auditor) in the Company or any related body corporate in conjunction with his or her directorship and may be appointed to that office or position on terms (including remuneration and tenure) the Board decides.

A director may be or become a director or other officer of, or interested in, any related body corporate or any other body corporate promoted by or associated with the Company, or in which the Company may be interested as a vendor, and need not account to the Company for any remuneration or other benefits the director receives as a director or officer of, or from having an interest in, that body corporate.

A director who has an interest in a matter that is being considered at a meeting of the Board may, despite that interest, vote, be present and be counted in a quorum at the meeting, unless that is prohibited by the Australian Corporations Act. No act, transaction, agreement, instrument, resolution or other thing is invalid or voidable only because a director fails to comply with that prohibition.

The Board may exercise the voting rights given by shares in any corporation held or owned by the Company in any way the Board decides. This includes voting for any resolution appointing a director as a director or other officer of that corporation or voting for the payment of remuneration to the directors or other officers of that corporation. A director may, if the law permits, vote for the exercise of those voting rights even though he or she is, or may be about to be appointed, a director or other officer of that other corporation and, in that capacity, may be interested in the exercise of those voting rights.

A director who is interested in any contract or arrangement may, despite that interest, participate in the execution of any document by or on behalf of the Company evidencing or otherwise connected with that contract or arrangement.

N. Powers of the directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company and are not by the Constitution or by law directed or required to be done by the Company in general meeting.

The Board may exercise all the powers of the Company to borrow or raise money in any other way, to charge any of the Company's property or business or any of its uncalled capital and to issue debentures or give any security for a debt, liability or obligation of the Company or of any other person.

O. Return of Capital

Subject to the Constitution and the rights or restrictions attached to any shares or class of shares:

- if the Company is wound up and the property of the Company available for distribution among the members is more than sufficient to pay all the debts and liabilities of the Company and the costs, charges and expenses of winding up, the excess must be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares;
- for the purposes of calculating the excess above, any amount unpaid on a share is to be treated as property of the Company;
- the amount of the excess that would otherwise be distributed to the holder of a partly paid share must be reduced by the amount unpaid on that share at the date of the distribution; and
- if the effect of the reduction above would be to reduce the distribution to the holder of a partly paid share to a negative amount, the holder must contribute that amount to the Company.

P. Proportional takeover provisions

In the event of a proportional takeover bid being made, the directors of the Company must hold a meeting of the Company's Shareholders entitled to vote for the purpose of considering and, if thought fit, passing a resolution to approve that proportional takeover bid. The bidder and its associates are not allowed to vote on the resolution. A proportional takeover bid involves the bidder offering to buy a proportion only of each Shareholder's shares in the Company. Under the Australian Corporations Act, these provisions must be renewed (by obtaining approval of the Company's Shareholders) every three years or they will cease to have effect. This approval was sought and obtained at the Company's 2021 Annual General Meeting.

8. Directors and Employees

Further details in relation to the Directors and each of their respective functions are set out in Part I of this document.

Details of the length of service of each of the Directors to date in the current office are set out below:

Name	Age	Commencement date in office
Steven Cole	71	24 July 2008
Les Guthrie	68	26 September 2018
Dr Jennifer (Jenny) Purdie	55	26 September 2018
Douglas (Doug) Ritchie	65	14 April 2016
Dr Natalia Streltsova	60	14 April 2016
Christopher (Chris) Reed	49	20 December 2001

The Directors have, in addition to their directorships of the Company and (where applicable) its subsidiary undertakings, held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

Name	Current Directorships/memberships	Previous Directorships/memberships
Steven Cole	QEII Medical Centre Trust Matrix Composites & Engineering Ltd Jahmayle Pty Ltd Gidleigh Pty Ltd Esore Pty Ltd DGB Investment Funds Pty Ltd Bilton Canning Pty Ltd	Reed Industrial Minerals Pty Ltd Chamber Of Commerce And Industry Of Western Australia Limited Market City Asset Manager Co Pty Ltd Market City Operator Co Pty Ltd Perth Markets Group Limited Perth Markets Limited Mt Edwards Lithium Pty Ltd
Les Guthrie	Bedford Road Associates Pty Ltd Australian Mines Limited DRA Global Limited LGSG Investments Pty Ltd	Nil
Dr Jennifer (Jenny) Purdie	BHP Billiton Olympic Dam Corporation Pty Ltd MJS Aylward Nominees Pty Ltd MJS Aylward Pty Ltd	Adani Renewable Asset Holdings Pty Ltd Adani Renewable Assets Pty Ltd Adani Renewable Operations Holdings Pty Ltd Adani Renewable Operations Pty Ltd Adani Rugby Run Operations Pty Ltd Nexion Corp Pty Limited Whyalla Renewable Holdings Pty Ltd Whyalla Renewables Pty Ltd
Douglas (Doug) Ritchie	Adani Mining Pty Ltd Metro Mining Limited Iro Resources Pty Ltd Pleiades Partners Pty Ltd Ritchie Super Fund Pty Ltd	Interlate Management Services Pty Limited Interlate Mining Pty Ltd Interlate Pty Ltd Interlate Technical Services Pty Ltd Mining Excellence Alliance Pty Ltd Mining Excellence Alliance (Processing) Pty Ltd Octavius Partners Pty Limited
Dr Natalia Streltsova	Vintage94 Pty Ltd Western Areas Limited Ramelius Resources Limited Australian Nickel Investments Pty Ltd Bioheap Limited Western Platinum NL Australian Potash Limited Battery Future Acquisition Corp	Parkway Corporate Limited Parkway Process Technologies Pty Ltd Parkway Process Solutions Pty Ltd
Christopher (Chris) Reed	Western Mining Corporation Pty Ltd Louron Exploration Pty Ltd Reekal Pty Ltd Nickel Investments Pty Ltd Gold Mines of Kalgoorlie Pty Ltd	Reed Exploration Pty Ltd Reed Industrial Minerals Pty Ltd Mt Edwards Lithium Pty Ltd Widgie Nickel Limited

Save as set out in this document, none of the Directors have any business interests, or performs any activities, outside the Group which are significant with respect to the Group.

The current business address of each of the Directors (in such capacity) is the registered office of the Company.

As at the date of this document, save as set out below, none of the Directors:

- a) has any unspent convictions in relation to indictable offences;
- b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- e) has had his or her assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Mr Reed was a director of GMK Exploration Pty Ltd when administrators were appointed on 16 August 2013. GMK Exploration Pty Ltd previously owned and operated the Meekatharra Gold Project. A holding deed of company arrangement was entered into on 18 February 2014. On 13 June 2014, a meeting of the creditors of GMK Exploration Pty Ltd approved the sale of the assets that make up the Meekatharra Gold Project to Metals X Limited. The sale of the Meekatharra Gold Project and the conclusion of the deed of company arrangement occurred on 30 June 2014. GMK Exploration Pty Ltd was deregistered on 14 January 2018.

Mr Richie was a director Arrium Limited, an ASX listed public company which operated businesses in mining, mining consumables and steel, when it was placed into voluntary administration on 12 April 2016.

Mr Cole was a non-executive director of Global Diagnostics Limited when it was placed in insolvent administration and liquidation in 1998/1999. Global Diagnostics Limited was deregistered on 28 April 2001. Mr Cole was also a non-executive chair of Great Southern Managers Australia Limited when it entered into voluntary administrator on 16 May 2009 and later placed in liquidation on 19 November 2009.

9. Directors Interests

The interests of the Directors, their immediate families and any persons connected with them, within the meaning of section 252 of the Companies Act (all of which, unless otherwise stated, are beneficial) in the issued share capital of the Company as at the date of this document and as they are expected to be on Admission are as follows:

Name	Prior to Admission		Following Admission	
	Number of Ordinary Shares ²	Per centage of current issued Ordinary Shares	Number of Ordinary Shares	Per centage of issued Ordinary Shares
Steven Cole	1,890,160	0.34%	1,890,160	0.34%
Les Guthrie	205,267	0.04%	205,267	0.04%
Dr Jennifer (Jenny) Purdie	298,372	0.05%	298,372	0.05%
Douglas (Doug) Ritchie	184,819	0.03%	184,819	0.03%
Dr Natalia Streltsova	204,819	0.04%	204,819	0.04%
Christopher (Chris) Reed ¹	6,782,172	1.24%	6,782,172	1.24%

As at the date of this document, the number of Performance Rights held by the Directors is as follows:

Name	Number of Performance Rights
Steven Cole	61,611
Les Guthrie	11,090
Dr Jennifer (Jenny) Purdie	55,450
Douglas (Doug) Ritchie	55,450
Dr Natalia Streltsova	55,450
Christopher (Chris) Reed	3,463,824

Save as disclosed above, none of the Directors nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Companies Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

No Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.

Save as disclosed in this document, there are no outstanding loans or guarantees provided by the Company to or for the benefit of any of the Directors.

No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the Companies Act) has a Related Financial Product (as defined in the AIM Rules for Companies) referenced to Ordinary Shares.

10. Directors' service agreements and letters of appointment

A. Steven Cole (Independent Chairman)

On 24 July 2008, Steven Cole entered into a non-executive director letter of appointment with the Company pursuant to which his appointment as a non-executive director was confirmed.

² Number of Ordinary Shares includes the Ordinary Shares which are held by family members and related companies.

Mr Cole is entitled to director fees as determined by the Company's board. Mr Cole's current annual fee for his role as independent chairman is AU\$150,000. Mr Cole is entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred as a result of carrying out his duties (including seeking independent legal and other professional advice where necessary).

To the extent permitted by law, the Company agrees during the term of Mr Cole's appointment to procure and pay the premium for director's and officer's (**D&O**) insurance on terms which are generally commercially available at reasonable cost.

Mr Cole must retire in accordance with the terms of the Constitution, with re-appointment subject to approval of the Company's Shareholders and otherwise in accordance with the Constitution. Mr Cole may resign by giving one month's notice.

The Company is entitled to terminate Mr Cole's appointment in accordance with the Constitution, the Corporations Act, ASX Listing Rules or the provisions of any other applicable laws.

B. Les Guthrie (Non-executive Director)

On 18 September 2018, Les Guthrie entered into a non-executive director letter of appointment with the Company pursuant to which his appointment as a non-executive director was confirmed.

Mr Guthrie is entitled to director fees as determined by the Company's board. Mr Guthrie's current annual non-executive director fee is AU\$90,000. Mr Guthrie is entitled to be reimbursed for reasonable travel, accommodation and other expenses, subject to and in accordance with the Company's policies (including seeking independent legal and other professional advice where necessary). It is specifically agreed that the Company will meet the cost of Mr Guthrie travelling from his home state to Perth for Board meetings.

To the extent permitted by law, the Company agrees during the term of Mr Guthrie's appointment to procure and pay the premium for D&O insurance on terms which are generally commercially available at reasonable cost.

Mr Guthrie must retire in accordance with the terms of the Constitution, with re-appointment subject to approval of the Company's Shareholders and otherwise in accordance with the Constitution. Mr Guthrie may resign by giving notice (with no minimum notice period specified).

The Company is entitled to terminate Mr Guthrie's appointment in accordance with the Constitution, the Corporations Act, ASX Listing Rules or the provisions of any other applicable laws.

C. Dr Jennifer Purdie (Non-executive Director)

On 18 September 2018, Dr Purdie entered into a non-executive director letter of appointment with the Company pursuant to which her appointment as a non-executive director was confirmed.

Dr Purdie is entitled to director fees as determined by the Company's board. Dr Purdie's current annual non-executive director fee is AU\$90,000. Dr Purdie is entitled to be reimbursed for reasonable travel, accommodation and other expenses, subject to and in accordance with the Company's policies (including seeking independent legal and other professional advice where necessary). It is specifically agreed that the Company will meet the cost of Dr Purdie travelling from her home state to Perth for Board meetings.

To the extent permitted by law, the Company agrees during the term of Dr Purdie's appointment to procure and pay the premium for D&O insurance on terms which are generally commercially available at reasonable cost.

Dr Purdie must retire in accordance with the terms of the Constitution, with re-appointment subject to approval of the Company's Shareholders and otherwise in accordance with the Constitution. Dr Purdie may resign by giving notice (with no minimum notice period specified).

The Company is entitled to terminate Dr Purdie's appointment in accordance with the Constitution, the Corporations Act, ASX Listing Rules or the provisions of any other applicable laws.

D. Douglas (Doug) Ritchie (Non-executive Director)

On 14 April 2016, Douglas (Doug) Ritchie entered into a non-executive director letter of appointment with the Company pursuant to which his appointment as a non-executive director was confirmed.

Mr Ritchie is entitled to director fees as determined by the Company's board. Mr Ritchie's current annual non-executive director fee is AU\$90,000. Mr Ritchie is entitled to be reimbursed for reasonable travel, accommodation and other expenses, subject to and in accordance with the Company's policies (including seeking independent legal and other professional advice where necessary). It is specifically agreed that the Company will meet the cost of Mr Ritchie travelling from his home state to Perth for Board meetings.

To the extent permitted by law, the Company agrees during the term of Mr Ritchie's appointment to procure and pay the premium for D&O insurance on terms which are generally commercially available at reasonable cost.

Mr Ritchie must retire in accordance with the terms of the Constitution, with re-appointment subject to approval of the Company's Shareholders and otherwise in accordance with the Constitution. Mr Ritchie may resign by giving notice (with no minimum notice period specified).

The Company is entitled to terminate Mr Ritchie's appointment in accordance with the Constitution, the Corporations Act, ASX Listing Rules or the provisions of any other applicable laws.

E. Dr Natalia Streltsova

On 14 April 2016, Dr Natalia Streltsova entered into a non-executive director letter of appointment with the Company pursuant to which her appointment as a non-executive director was confirmed.

Mr Streltsova is entitled to director fees as determined by the Company's board. Dr Streltsova's current annual non-executive director fee is AU\$90,000. Dr Streltsova is entitled to be reimbursed for reasonable travel, accommodation and other expenses, subject to and in accordance with the Company's policies (including seeking independent legal and other professional advice where necessary).

To the extent permitted by law, the Company agrees during the term of Dr Streltsova's appointment to procure and pay the premium for D&O insurance on terms which are generally commercially available at reasonable cost.

Dr Streltsova must retire in accordance with the terms of the Constitution, with re-appointment subject to approval of the Company's Shareholders and otherwise in accordance with the Constitution. Dr Streltsova may resign by giving notice (with no minimum notice period specified).

The Company is entitled to terminate Dr Streltsova's appointment in accordance with the Constitution, the Corporations Act, ASX Listing Rules or the provisions of any other applicable laws.

F. Termination benefits

None of the service agreements or non-executive director letters of appointment provide for benefits

upon termination of employment.

G. Total benefits

The amounts payable to the non-executive Directors by the Company under the arrangements in force at the date of this document in respect of the financial year ending 30 June 2022 is AU\$510,000.

H. Appointment dates

The date of appointment to the Board for each of the Directors was as follows:

Name	Date of initial appointment
Steven Cole	24 July 2008
Les Guthrie	26 September 2018
Dr Jennifer (Jenny) Purdie	26 September 2018
Douglas (Doug) Ritchie	14 April 2016
Dr Natalia Streltsova	14 April 2016
Christopher (Chris) Reed	20 December 2001

11. Chief Executive Officer Employment Agreement

Employer	Neometals Ltd.
Role	Managing Director/Chief Executive Officer (as at 1 October 2013).
Name	Christopher (Chris) Reed
Term	The Executive Contract commenced on 14 May 2012 and ends on 30 June 2024 (Executive Contract) ³ .
Remuneration	<ul style="list-style-type: none">• Annual salary package of \$570,000 inclusive of statutory superannuation (as at 1 July 2021) (Annual Salary Package).• Mr Reed is entitled to the following benefits:<ul style="list-style-type: none">– business class travel for any travel undertaken in performance of his duties outside of Western Australia;– entitlement to attend reasonable training and professional development activities (subject to Board approval);– entitlement to attend industry conference both domestically and internationally (subject to Board approval);– cover under Neometals' directors' insurance and travel insurance; and– in respect of each financial year of the Term, a payment of an annual bonus of up to one half of Mr Reed's Annual Salary Package as determined by the Board in its absolute discretion and subject to the achievement of annual performance conditions.

³ Mr Reed's employment originally commenced on 15 April 2002, and it is this date which is recognised for the purpose of service-related entitlements.

Employer	Neometals Ltd.
Notice Period	<ul style="list-style-type: none"> ● Neometals can terminate Mr Reed's employment for any reason by giving 6 months' written notice. If Neometals exercises this right, it shall pay to Mr Reed: <ul style="list-style-type: none"> – in addition to payment of notice in lieu, a sum equivalent to the lesser of 6 months of Annual Salary Package and the number of months of Annual Salary Package as remain from the expiry of the notice period until the end of the Term; – at the Board's discretion and having regard to Mr Reed's performance against applicable conditions, any annual bonus in the year of termination; – accrued annual leave; and – if applicable, vested long service leave. ● Neometals can terminate the employment summarily in serious circumstances. ● Mr Reed can resign with 6 months' written notice. Neometals can pay Mr Reed in lieu of notice.
Redundancy	<ul style="list-style-type: none"> ● If a 'Redundancy Event' occurs, then either Neometals or Mr Reed can elect to terminate the Executive Contract by giving 6 months' written notice (which Neometals can waive). A 'Redundancy Event' is a situation where either: <ul style="list-style-type: none"> – Mr Reed's position is made redundant; – there is a material change to Mr Reed's responsibilities or duties; – there is a reduction in Mr Reed's Annual Salary Package; or – Mr Reed is required to relocate from Perth, Western Australia and does not wish to do so. ● If the Executive Contract is terminated in this way, then Neometals shall pay to Mr Reed: <ul style="list-style-type: none"> – a sum equivalent to the lesser of 6 months of Annual Salary Package and the number of months of Annual Salary Package as remain from the expiry of the notice period until the end of the Term; – at the Board's discretion and having regard to Mr Reed's performance against applicable conditions, any annual bonus in the year of termination;

Employer	Neometals Ltd.
	<ul style="list-style-type: none"> - accrued annual leave; and - if applicable, vested long service leave.
Post-employment restraints	<ul style="list-style-type: none"> ● For a period of 6 months following the end of his employment, Mr Reed will not: <ul style="list-style-type: none"> - canvass, solicit, or entice away from the Company or any Group company the custom of any person who was during the 6 months prior to the end of Mr Reed's employment a client, customer, identified prospective customer, representative or agent of any Group companies; - employ, solicit, entice away from the Group or any Group company any person who was during the 6 months prior to the end of Mr Reed's employment an officer, manager, consultant or employee of the Company or a Group company; - use or register a name or trademark which includes all or part of any business name, trade mark or the name of the company or any Group company; or - attempt, counsel, procure or otherwise assist any person in doing any of the acts described above.
Incentives / bonus	<ul style="list-style-type: none"> ● Mr Reed may receive an annual bonus in an amount of up to one half of the Annual Salary Package, as determined by the Board in its absolute discretion. ● Mr Reed is eligible to participate, subject to Shareholder approval, Neometals' long term incentive programme.
Other	<ul style="list-style-type: none"> ● In connection with the AIM Listing, Mr Reed will be subject to a mandatory lock requirement in accordance with AIM Rule 7. ● The Board has confirmed that the Company will provide financial support to Mr Reed (if requested) in the form of a short term loan of approximately \$500,000 at commercial rates (of approximately 2.5%) to assist Mr Reed meet any tax liabilities that arise during the lock-in period in relation to the vesting Performance Rights.

12. Share Incentive Schemes

As at the date of this document, the following Performance Rights under the Performance Rights Plan were on issue:

Security	Vesting Date	Re-testing Date	Number of Performance Rights
Employee Performance Rights	30 June 2022	31 December 2022	4,782,162
Employee Performance Rights	30 June 2023	31 December 2023	6,810,702
Employee Performance Rights	30 June 2024	31 December 2024	2,661,470
Non-executive director Performance Rights	30 June 2022	—	239,051
Consultant Performance Rights	30 June 2022	—	300,000
Consultant Performance Rights	30 June 2023	—	500,000

The key terms of the Company's Performance Rights Plan are summarised below:

- a) *Participation:* any person is eligible to participate in the Performance Rights Plan if declared by the Board to be eligible to receive a grant of Performance Rights under the Performance Rights Plan (**Eligible Participants**). The Performance Rights Plan expressly contemplates 'Employee Participants' and 'NED Participants' as categories of participants under the Performance Rights Plan (but this is non-exhaustive).
- b) *Grant:* The Board may at any time and in its absolute discretion invite Eligible Participants to participate in a grant of Performance Rights upon the terms of the Performance Rights Plan and upon such other additional or alternative terms as the Board determines (an **Offer**). The Board may only grant Performance Rights where an Eligible Participant satisfies any relevant conditions imposed by the Board. Unless the Board determines otherwise, no payment is required for the grant of a Performance Right.
- c) *Entitlements:* Performance Rights confer on the participant no rights to vote, attend meetings, participate in a distribution or profit or a return of capital or any other participant rights or entitlements.
- d) *Transfer:* Any offer of Performance Rights is personal and not assignable and the Performance Rights are not able to be transferred except with the consent of the Board or by force of law (ie on death or bankruptcy of the holder). The Performance Rights are not quoted. Any purported transfer of Performance Rights (other than as outlined above) results in the Performance Rights being immediately forfeited.
- e) *Vesting Conditions:* In general, Performance Rights vest when the applicable performance hurdles and vesting conditions are satisfied. Performance Rights may vest earlier where a participant ceases to be an employee of the Company by reason of death, disability, *bona fide* redundancy or other reason with the approval of the Board. Any Performance Right that does not vest as at the vesting date (following any applicable re-testing) will be forfeited immediately.
- f) *Fraud or misconduct:* Where, in the opinion of the Board, an Employee Participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or a Related Body Corporate, the Board may deem any unvested Performance Rights to be forfeited and any shares issued on vesting of Performance Rights to be forfeited. The Company may impose a condition preventing the transfer of any shares issued pursuant to the exercise of vested Performance Rights until such time that the Board determines that the forfeiture condition no longer applies.
- g) *Exercise of Performance Rights:* On exercise of a Performance Right, the Company will either issue or transfer to the participant a share in the Company, unless the Board, in its discretion, determines to satisfy the entitlement through a cash payment in lieu of the allocation of a share.

- h) *Shares*: The shares issued upon exercise of the Performance Rights will be quoted on the ASX and rank equally with shares traded on ASX, except as regards any rights attaching to shares by reference to a record date prior to the date of allotment.
- i) *Continued employment*: Other than in cases of death, disability, *bona fide* redundancy or other reason with the approval of the Board, Performance Rights issued to an 'Employee Participant' lapse upon an 'Employee Participant' ceasing to be an employee of the Company or a related body corporate of the Company.
- j) *Change of Control*: In the event of a takeover bid or a court ordering a meeting to be held for Neometals' Shareholders to consider a scheme of arrangement, the Performance Rights shall vest as follows:
- the Board may, in its absolute discretion, determine that some or all of a participant's Performance Rights vest if *pro rata* performance is in line with the performance conditions applicable to those Performance Rights (if no determination is made or if the Board determines that some or all of a participant's Performance Rights do not vest, those Performance Rights will automatically be forfeited);
 - all Performance Rights issued to non-executive directors will automatically vest; and
 - any Performance Rights which are vested (but not exercised) within 30 days of the takeover bid or the first court hearing or a scheme of arrangement.

13. Significant Shareholders

Insofar as is known to the Company, the following persons are interested in three per cent. or more of the issued share capital of the Company.

Name	Prior to Admission		Following Admission	
	Number of Ordinary Shares	Percentage of current issued Ordinary Shares	Number of Ordinary Shares	Percentage of issued Ordinary Shares
David Reed	37,041,112 ⁴	6.75%	37,041,112	6.75%
Citicorp Nominees Pty Limited	31,679,232	5.78%	31,679,232	5.78%
HSBC Custody Nominees (Australia) Limited	18,744,043	3.42%	18,744,043	3.42%

The Company's share capital consists of Ordinary Shares with equal voting rights (subject to the Constitution). No significant Shareholder of the Company has different voting rights from the other Shareholders.

14. Material Contracts

The following material contracts are those contracts which have been entered into by any member of the Group (a) in the two years immediately preceding the date of this document (other than in the ordinary course of business); (b) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document (other than those entered into in the ordinary course of business); or (c) constitutes any other material subsisting agreement which relates to the assets and liabilities of the Group (notwithstanding whether such agreements are within the ordinary course of business or were entered into outside of the two years immediately preceding the date of this document):

A. Primobius Shareholders Agreement

Neometals, through its wholly-owned subsidiary ACN 630, owns the intellectual property rights in certain patents and know-how for recovering valuable metals from end-of-life lithium ion batteries and scrap battery materials (**Technology**). Pursuant to the Primobius Shareholders

⁴ Number of Ordinary Shares includes the Ordinary Shares which are held by family members and related companies.

Agreement, Neometals and SMS Group have established an incorporated 50:50 joint venture through Primobius GmbH (**Primobius**), a German limited liability company, to conduct evaluation activities with a view to making a decision on proceeding with the conduct of a lithium ion battery recycling business on a commercial scale through the operation of recycling plants (**Commercial Operations**).

Evaluation Activities

Neometals and SMS Group are each responsible for contributing half of the total capital required by Primobius to fund the budgeted evaluation activities, which include:

- a study into the most appropriate location for the first lithium ion battery recycling plant;
- a Class 3 AACE cost estimation study for the construction of a battery recycling plant;
- construction of a mini-scale recycling plant; and
- delivery of a report on the testing results.

On 26 October 2021, Neometals released an ASX announcement disclosing that Primobius successfully completed commissioning of its lithium-ion battery recycling demonstration plant and that commissioning of the demonstration plant refining circuit clears the path to commence continuous trials on lithium-ion battery cells and modules sourced from the European EV supply chain

If certain technical and economic criteria are satisfied following receipt of testing results for the demonstration plant then SMS Group will acquire a 50% interest in ACN 630 and the parties will jointly fund commercial activities required for consideration of an investment decision for the first commercial-scale recycling plant.

Commercial Operations

Following completion of the Evaluation Activities, Neometals and SMS Group must each decide whether they wish to proceed or not with Commercial Operations. If both Neometals and SMS Group decide to proceed then:

- Primobius will conduct Commercial Operations in accordance with an agreed business plan;
- SMS Group will use its best endeavours to procure debt funding for Primobius from German banks for no less than 50% of the funding required for each battery recycling plant to be constructed by Primobius, and Neometals and SMS Group will jointly fund any remaining balance of capital required;
- SMS Group will have a right of first offer to undertake design, construction, operation and maintenance in respect of each battery recycling plant; and
- ACN 630 will grant a licence to Primobius to use the Technology for the purpose of conducting Commercial Operations. The licence terms have been pre-agreed and the licence is exclusive other than in jurisdictions where ACN 630 has already granted licenses to use the Technology to third parties.

If only Neometals or only SMS Group decides to proceed with Commercial Operations then:

- the proceeding party will acquire all of the non-proceeding party's shares in Primobius on pre-agreed terms;
- ACN 630 will grant a licence to Primobius to use the Technology at a pre-agreed royalty rate;
- the non-proceeding party may elect to either receive a licence from ACN 630 to use the Technology at a pre-agreed royalty rate or to be granted the option to re-acquire a 50% interest in Primobius within a 24 month period by matching SMS Group's capital contribution in relation to the construction of a Battery Recycling Facility (**Grace Period Option**).

SMS Group must transfer its 50% interest in ACN 630 back to Neometals for nominal consideration if either: (1) SMS Group is the proceeding party, Neometals has elected to receive the Grace Period Option and there is an extended delay in the commencement of the development of the first battery recycling plant; or (2) Neometals is the proceeding party and SMS Group does not exercise its Grace Period Option.

Additional key terms

- a) **Management structure:** Primobius has a management board (comprised of one director appointed by each of Neometals and SMS Group) which is responsible for the day-to-day management of Primobius (including oversight of the Evaluation Activities). It also has an advisory board (comprised of two members appointed by each of Neometals and SMS) which is responsible for supervising the management board in all matters related to Primobius.
- b) **Fundamental Matters:** Decisions of the advisory board in relation to certain matters require approval by 80% of voting rights present at the advisory board meeting, including material borrowings, entering into material or related party contracts and approval or amendments to the business plan.
- c) **Tag restrictions on disposal:** Each of Neometals and SMS Group has a pre-emptive right over the disposal of the other's shares in Primobius to a third party, as well as a tag along right if the other receives an offer from a third party to dispose of its shares in Primobius.

B. Evaluation Activities Licence Agreement

Neometals, through its wholly-owned subsidiary ACN 630, has granted Primobius a royalty-free licence to use the Technology for the purpose of the evaluation activities conducted in accordance with the Primobius Shareholders Agreement.

The term of the licence expires on the later of the Commercial Operations Decision Date and the date which is 13 months after the date of delivery of the Demonstration Plant Testing Report.

The licence is exclusive in Germany, Austria and any other territory which is selected for the performance of the evaluation activities under the Primobius Shareholders Agreement (other than European and United Kingdom jurisdictions where ACN 630 has already granted licenses to use the Technology to third parties).

C. Other licences

As noted above Neometals, through its wholly-owned subsidiary ACN 630, has granted the exclusive and non-exclusive licences to third parties (other than Primobius) to use the Technology in certain jurisdictions in Europe (other than Germany and Austria) and the United Kingdom. ACN 630 is entitled to a gross revenue royalty under these licenses.

D. Vanadium recycling co-operation agreement

Neometals has entered into a co-operation agreement with Critical Metals Ltd, an unlisted mineral development company, to consider the potential to recover vanadium from slag generated in the steel making process by SSAB AG and its subsidiaries in Sweden and Finland.

Pursuant to the co-operation agreement, Neometals is responsible for funding and conducting various studies in relation to the construction of a commercial scale facility to recover vanadium and gypsum products from slag obtained from SSAB AG's and its subsidiaries' operations in Sweden and Finland (**Slag Recycling Facility**). Neometals completed a Class 5 AACE scoping study on 24 June 2020 and a Class 4 AACE prefeasibility study on 4 May 2021. On 11 August 2021, Neometals announced the completion of a pilot plant and that it was finalising the process design package and engineering contractor selection to deliver a Class 3 AACE feasibility study by 30 June 2022.

Critical Metals Ltd completed a study into the most appropriate location in Sweden or Finland for the Slag Recycling Facility on 10 December 2020, and is responsible for environmental permitting and dealings with SSAB AG.

Following completion of the Class 3 AACE feasibility study, Neometals and Critical Metals Ltd must decide whether to form a 50:50 incorporated joint venture to construct and operate the Slag Recycling Facility. If a decision is made to proceed to form the joint venture then Neometals and Critical Metals Ltd will negotiate a shareholders agreement for the joint venture and a licence agreement under which Avanti Materials Ltd, a wholly-owned subsidiary of Neometals, will provide a licence of its proprietary process for the recovery of vanadium and gypsum from vanadium bearing waste slags to the joint venture, and receive a 2.5% gross revenue royalty on sales of all recycled products.

The vanadium recycling co-operation agreement will terminate if the agreement for the supply of linz-donawitz slag by SSAB EMEA AB and SSAB Europe Oy to Recycling Industries Scandinavia AB, a wholly-owned subsidiary of Critical Metals Ltd, is terminated. If a positive investment decision to construct a Slag Recycling Facility is not made by 31 December 2022, or a commercial production has not commenced at the Slag Recycling Facility by 31 December 2024, SSAB may terminate the Slag Supply Agreement.

Separate to the arrangements summarised above, Neometals is also holds 19.83% of the shares in Critical Metals Ltd. Darren Townsend (Neometal's Chief Development Officer) is a director of Critical Metals Ltd.

E. Stelco Option Agreement

On 31 December 2021 Primobius entered into a binding option agreement (**Stelco Option Agreement**) under which Primobius has the option to acquire between 25% to 50% equity ownership of a Stelco battery recycling special purpose vehicle (**Stelco SPV**) responsible for developing and operating battery recycling operations in North America (**Option**).

The consideration payable on exercise of the Option is the pro-rata share of Stelco SPV's sunk evaluation and development costs prior to Primobius exercising the Option.

Simultaneously with entry into the Stelco Option Agreement, Primobius has exclusively licenced its battery recycling technology (**Recycling Technology**) to Stelco SPV (**Stelco Licence Agreement**) in the field of end-of-life vehicle battery processing in North America, to enable Stelco to advance commercial LIB feedstock sourcing agreements and its approvals processes.

If the Option is not exercised by Primobius, Stelco will have the exclusive right (under the Stelco Licence Agreement) to utilise the Recycling Technology in North America to recycle LIBs removed from end-of-life electric vehicles, and Primobius will be entitled to a gross revenue royalty.

The key terms of the Stelco Option Agreement are summarised below:

- Primobius has the right to acquire between 25% and 50% of the equity in Stelco SPV (a Canadian domiciled corporation).
- The Option is exercisable by the earlier of the date that is one month after Primobius confirms "Product Readiness" for the supply of a 50tpd spoke recycling plant, or 31 December 2022. Product Readiness will be the point at which Primobius has developed a detailed deliverable design for the 50tpd spoke recycling plant.
- The option exercise price is equivalent to the *pro rata* share of Stelco SPV's development 'sunk costs' at time of exercise.
- There are agreed limits and restrictions on Stelco SPV's expenditure and operations prior to Option exercise or expiry.
- Assuming Primobius exercises the Option, Stelco SPV will be governed by a Shareholder Agreement, the terms of which will be negotiated in good faith by the parties within 3 months of executing the Stelco Option Agreement, in line with a set of key terms and principles set out in the Stelco Option agreement.

- The Stelco Option Agreement contains other commercial terms such as warranties, representations and termination rights, customary for an agreement of its nature.

The key terms of the Stelco Licence Agreement are summarised below:

- The license enables Stelco SPV to use Primobius' Recycling Technology (including that of Neometals' wholly owned subsidiary ACN 630 589 507) in North America (Canada, USA, and Mexico) for an indefinite term.
- Stelco SPV has exclusive rights for batteries, cells and modules sourced wholly from end-of-life and scrapped electric vehicles in North America, other than from certain German manufacturers (**Exclusive Field**).
- The license is non-exclusive in North America outside of the Exclusive Field.
- Primobius may grant separate licence rights to other parties outside the Exclusive Field in North America.
- Stelco must complete an engineering cost study and estimates for plant capex and opex for the proposed initial 50tpd spoke recycling plant.
- Stelco SPV must pay Primobius a maximum 10% royalty on gross revenue earned from the use of the technology, with scope for reductions in the royalty rate depending on internal rates of returns generated, and a minimum royalty fee in cases of stalled recycling production.
- The license will be royalty free if Primobius exercises the Option to acquire partial ownership of Stelco SPV under the Stelco Option Agreement.
- The Stelco License Agreement contains other commercial terms such as warranties, commercialisation obligations and termination rights (including termination rights if Stelco hasn't obtained executable term sheets for Stelco SPV for battery feedstock and critical reagents by 31 December 2022), customary for an agreement of its nature.

F. Barrambie Gold Rights Option Agreement

ATPL is the registered holder of E57/769, E57/770 and E57/1041 (the **Barrambie Exploration Tenements**).

On 23 December 2021 ATPL entered into an option agreement with WMiner Pty Ltd (**WMiner**) (**WMiner Option**) under which WMiner (via a wholly owned subsidiary) has the option to acquire the right to explore and mine for gold and silver on the Barrambie Exploration Tenements, other than a defined exclusion area within those tenements (**Barrambie Gold Exclusion Zone**) (**Mining Rights Area**).

The consideration payable by WMiner for the exercise of the WMiner Option is a lump-sum payment (either cash or WMiner shares, at WMiner election). Exercise of the WMiner Option is subject to: (i) all necessary third party consents being obtained; (ii) WMiner receiving conditional approval to be admitted to quotation on ASX; and (iii) execution of all necessary transaction documentation.

The exercise period for the WMiner Option is seven months (from the date the WMiner Option is granted), subject to a two month extension where all conditions (other than ASX's approval of WMiner being admitted to quotation on ASX) are satisfied.

If the WMiner Option is exercised then the shared mineral rights agreement which governs the interactions between ATPL (as the registered holder of the Barrambie Exploration Tenements) and WA Mines Pty Ltd (**WA Mines**) as the gold and silver rights holder will become unconditional (**WMiner Mineral Rights Agreement**). The key terms of the WMiner Mineral Rights Agreement are:

- an agreed process for the parties to consult with each other in relation to the exploration and mining activities to be undertaken by the respective parties on the Mining Rights Area;
- where WA Mines' exploration or feasibility activities on the Mining Rights Area are likely to conflict or interfere with ATPL's exploration or feasibility activities, ATPL's activities have priority;

- a process for the parties to consult when a party proposes to proceed with development and mining on the Mining Rights Area;
- if a party elects to undertake a development on the Mining Rights Area (and has declared a JORC Compliant Reserve on the area of the proposed development) then the parties' must discuss the proposed development and any impacts on the non-developing party's activities;
- a sterilisation process can be undertaken by the non-developing party prior to commencement of the mine development to assess to what extent the development area is prospective for the non-developing party's minerals (and if the area is found to be prospective for minerals, then the parties discuss and agree to either preserve the development area for future mining by the non-developing party or jointly develop the project for both gold/silver and other minerals);
- ATPL has the first priority to develop an specified area within the Mining Rights Area;
- an expert determination process applies to the extent that the parties are unable to agree certain factual matters regarding the proposed development and interactions between the parties' activities;
- WA Mines is required to pay all rent and rates and other outgoings and satisfy the applicable minimum expenditure conditions in respect of the Mineral Rights Area;
- WA Mines acknowledges and agrees that the Cipherpoint Royalty is payable in respect of the Mining Rights Area and WA Mines must pay the Cipherpoint Royalty when it becomes due, and indemnify ATPL against any failure by WA Mines to comply with its obligations in this respect; and
- WA Mines is liable for any State royalties payable in respect of gold and silver.

ATPL is entitled to a 1% gross revenue royalty on all gold or silver won by WA Mines from the Tenements.

G. RAM Shareholders Agreement

The shares in Reed Advanced Materials Pty Ltd (**RAM**) are held 70:30 by Neometals and Process Minerals International Pty Ltd (**Process Minerals International**) (a wholly owned subsidiary of Mineral Resources Ltd). RAM is a corporate vehicle dedicated to researching, designing and developing the downstream lithium processing technology and patents. The board is comprised of 2 Neometals directors and 2 Process Minerals International directors, each having one vote.

H. Barrambie Gas Supply Agreement

On 3 June 2008, Neometals Energy Pty Ltd (formerly Barrambie Gas Pty Ltd) (**Neometals Energy**) entered into a gas transmission agreement with DBNGP Holdings Pty Ltd, DBNGP (WA) Nominees Pty Ltd and DBNGP (WA) Transmission Pty Ltd for the Barrambie project. The DBNGP operator provides gas transportation services to Neometals Energy, which provides Neometals Energy with capacity on the gas transmission pipeline system between Dampier and Bunbury.

As part of the agreement, the Company was required to procure a bank guarantee in the amount of \$8.7 million from its bankers, which represented the then present value of the Company's commitment under the agreement. The gas transmission and the Company's commitment commenced on 1 July 2010 and terminates in 2025.

During the supply period, Neometals Energy is obliged to pay the DBNGP Operator a Capacity Reservation Charge (even where Neometals Energy does not nominate any quantity of gas to receive). Neometals Energy has the ability to annually relinquish Contracted Capacity by no more than 10% of the aggregate of its Total Contracted Capacity and any other capacity it was granted for at least 10 years. The reduction in the Contracted Capacity results in a reduction to the Capacity Reservation Charge. The Barrambie Gas Supply Agreement has been recognised as an onerous contract in the Company's audited financial statements (\$924,174 as at 30 June 2021).

I. RIM royalty

The Company was previously a shareholder in Reed Industrial Minerals Pty Ltd (**RIM**). The current shareholders of RIM are Process Minerals International and GFL International Co., Ltd.

On 12 August 2009, RIM (under 100% Neometals ownership) entered into an option to purchase certain mining tenements from a private individual (as grantor of the option), with Neometals (as guarantor) (**Option Deed**).

RIM exercised the option pursuant to the Option Deed to purchase the mining tenements, Mining Lease M15/999 and M15/1000, which comprise the Mt Marion Lithium Project.

Pursuant to the Option Deed, RIM agreed to pay the individual a royalty in respect of the minerals removed from the Mt Marion Lithium Project. The royalty is payable as follows:

- 2.5% of the gross sale price of spodumene concentrates;
- 3% of the gross sale price of lithium carbonate produced in Australia; and
- 2% of the gross revenue for all other minerals.

The Company provided a parent company guarantee in respect of the obligations pursuant to the Option Deed, including the royalty payable by RIM.

The royalty holder provided its consent to the sale of the Company's remaining shareholding in RIM, on the basis that the Company agreed to remain as guarantor of RIM's obligations under the Option Deed. As at the date of this document, the Company continues to be a party to the Option Deed (as guarantor).

J. Cipherpoint Royalty

Australian Vanadium Corporation Pty Ltd ACN 121 044 415 (now Inneovation Pty Ltd) (**Inneovation**) entered into a Sale Agreement with Cipherpoint Limited ACN 120 658 497 (formerly Prime Minerals Limited) (**Cipherpoint**) and Marc Noel Clifton dated 29 August 2008 (as amended) (**Cipherpoint Agreement**). Australian Titanium Pty Ltd ACN 133 653 960 (**ATPL**) is a party to the Cipherpoint Agreement in substitution of Inneovation.

The Cipherpoint Agreement provides that ATPL (as the holder of the relevant mining tenements) is required to pay a 2% Net Smelter return royalty to Cipherpoint in respect of all minerals mined on the area covered by exploration licence applications 57/658, 57/659, 57/742 and 57/743.

The exploration licence applications were withdrawn by ATPL (under Neometals ownership) on 11 September 2008 and the exploration licences E57/770-I and E57/769-I were obtained by Neometals on 14 August 2009 and 18 August 2009 (and later transferred to ATPL). Cipherpoint has lodged a subject to claim caveat against E57/769 and a consent caveat against E57/770.

K. Introduction Agreement

On 21 February, the Company, the Directors and Cenkos entered into an introduction agreement (the Introduction Agreement) which provides for the responsibilities of the parties in respect of Admission.

The Company has agreed to pay Cenkos a fee of £400,000 in connection with Admission (less any amounts paid by the Company in accordance with the Cenkos Engagement Letter (as defined below)). In addition, the Company is required to pay all reasonable costs, charges and expenses in respect of, or incidental to, Admission (including Cenkos' legal counsel fees).

The Introduction Agreement sets out certain warranties and undertakings the Company and, in relation to a subset of the warranties, the Directors have given to Cenkos (with the warranties given as at the date of the Introduction Agreement and the date of Admission). In addition, the Company has given an indemnity to Cenkos on customary terms. The liability of the Company is unlimited as to time and amount, and the liability of the Directors is limited as to time and

amount. The Directors have also undertaken not to sell or dispose of or agree to sell or dispose of any of their interest in Shares save in certain limited circumstances for a period of 12 months from Admission, as required by Rule 7 of the AIM Rules.

Cenkos is entitled to terminate its obligations under the Introduction Agreement in certain specified circumstances prior to Admission (including if any of the conditions are not satisfied (or where capable of being waived, are not waived by Cenkos), there is a material change in the financial positions or prospects of the Group or a material breach of warranties). The Introduction Agreement is governed by the laws of England and Wales and any disputes arising in connection with the Introduction Agreement are subject to the exclusive jurisdiction of the courts of England.

L. Depository Interests Agreement

On 21 February 2022, the Company and the Depositary entered into a depository and custody services agreement (the Depository and Custody Services Agreement) which provides for the Depositary's appointment as Depositary and Custodian in relation to the Ordinary Shares and for the Depositary to provide certain depository services, custody services and dividend services in connection with the Depository Interests.

The Depositary was appointed for an initial term of three years and thereafter the appointment may be terminated by either party giving no less than six months' notice. The depository services include the issue and cancellation of Depository Interests and maintaining the Depository Interests register.

In the event of termination, the parties agree to take all reasonable steps to ensure the phasing out of the Depositary's operations are implemented in an efficient manner without adverse effect on Depository Interest holders and the Depositary shall deliver to the Company (or as it may direct) all documents and other records relating to the Depository Interests which is in its possession and which is the property of the Company.

The Depository and Custody Services Agreement is governed by the laws of England and Wales and any disputes arising in connection with the Depository and Custody Services Agreement are subject to the exclusive jurisdiction of the courts of England

M. Depository Interests – Deed Poll

Under the terms of the deed poll entered into by the Depositary on 15 February 2022 (the **Deed Poll**), the Depositary will hold (itself or through its nominated Custodian), as bare trustee, the Ordinary Shares issued by the Company that underlie the Depository Interests and all and any rights and other securities, property and cash attributable to the Ordinary Shares and pertaining to the Depository Interests for the benefit of the holders of the relevant Depository Interests.

The Depositary shall re-allocate any Ordinary Shares or distributions which are allocated to the Custodian and which arise automatically out of any right or entitlement of Ordinary Shares already held by the Custodian to holders of Depository Interests *pro rata* to the Ordinary Shares held for their respective accounts provided that the Depositary shall not be required to account for any fractional entitlements arising from such reallocation and shall donate the aggregate fractional entitlements to charity.

Holders of the Depository Interests warrant, among other things, that the securities in the Company transferred or issued to the Custodian on behalf of the Depositary and for the account of the holders of Depository Interests are free and clear from all liens, charges, encumbrances or third party interests (other than the interests arising pursuant to the Deed Poll) and that such transfers or issues are not in contravention of the Constitution nor any contractual obligation, law or regulation. The holder of Depository Interests shall indemnify and keep indemnified the Depositary for any losses it incurs as a result of breach of this warranty.

The Depositary and the Custodian must pass on to holders of Depository Interests and exercise on behalf of Depository Interest holders all rights and entitlements received or to which they are entitled in respect of the Ordinary Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed

on to the holders of Depositary Interests upon being received by the Custodian and in the form in which they are received by the Custodian together with any amendments and additional documentation necessary to effect such passing-on.

The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation.

The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of its obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom the Depositary is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent, which is not a member of its group, unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian and agent.

Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees), and hold each of them harmless from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of that holder, other than those caused by or resulting from the wilful default, negligence or fraud of (i) the Depositary or (ii) the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

The Depositary is entitled to make deductions from the deposited property or any income or capital arising therefrom, or to sell such deposited property and make deductions from the sale proceeds thereof, in order to discharge the indemnification obligations of Depositary Interest holders.

The Depositary may compulsorily withdraw the Depositary Interests (and the holders of Depositary Interests shall be deemed to have requested their cancellation) if certain events occur. These events include where the Depositary believes that ownership of the Depositary Interests may result in a pecuniary, fiscal or material regulatory disadvantage to the Depositary or the Custodian or where the Depositary Interests are held by a person in breach of the law. If these events occur the Depositary shall make such arrangements for the deposited property as it sees fit, including sale of the deposited property and delivery of the net proceeds thereof to the holder of the Depositary Interests in question.

The Depositary may terminate the Deed Poll by giving not less than 30 days prior written notice. During such notice period, Depositary Interest holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable, and amongst other things, (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holder or, at the Depositary's discretion, (ii) sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll *pro rata* to the Depositary Interest holders in respect of their Depositary Interests.

The Deed Poll is governed by the laws of England and Wales and any disputes arising in connection with the Deed Poll are subject to the exclusive jurisdiction of the courts of England.

N. Letter of Engagement with Cenkos

On 22 April 2021, the Company and Cenkos entered into an engagement letter under which Cenkos agreed to act as the Company's nominated adviser and broker in relation to Admission (the **Cenkos Engagement Letter**).

Pursuant to the Cenkos Engagement Letter, the Company has agreed to pay Cenkos a fee of £400,000 in connection with Admission. The Company will reimburse Cenkos for any reasonable out of pocket expenses incurred in relation to their engagement as nominated adviser and broker including, but not limited to, travel expenses and the fees, disbursements and expenses (as appropriate) of Cenkos' legal advisers.

The appointment of Cenkos as nominated adviser and broker will remain in place from the date of appointment until Admission.

The Company has given customary undertakings and indemnities to Cenkos in connection with its engagement.

The Cenkos Engagement Letter is governed by the laws of England and Wales and any disputes arising in connection with the Cenkos Engagement Letter are subject to the exclusive jurisdiction of the courts of England.

Nominated Adviser and Broker Engagement Letter

On 21 February 2022, the Company and Cenkos entered into a nominated adviser and broker agreement under which Cenkos agreed to continue to act as the Company's nominated adviser and broker following Admission, commencing on the date of the agreement (the **Nomad and Broker Agreement**).

Under the Nominated Adviser and Broker Agreement, the Company will pay an annual retainer to Cenkos for its continuing services as nominated adviser and broker. The Company will reimburse Cenkos for any reasonable out of pocket expenses incurred in relation to their engagement as nominated adviser and broker including, but not limited to, travel expenses and the fees, disbursements and expenses (as appropriate) of Cenkos' legal advisers.

The appointment of Cenkos as nominated adviser and broker will remain in place from the date of appointment for an initial term of 12 months, terminable thereafter on 3 months' written notice by either party.

The Company has given customary undertakings and indemnities to Cenkos in connection with its appointment as nominated adviser and broker.

The Nomad and Broker Agreement is governed by the laws of England and Wales and any disputes arising in connection with the Nomad and Broker Agreement are subject to the exclusive jurisdiction of the courts of England.

15. Australia Taxation

See Part B of Part IV above for details.

16. UK Taxation

See Part A of Part IV above for details.

17. Working Capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company and the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

18. Litigation

Save as disclosed below, the Company is not, and has not in the previous 12 months, been involved in any government, legal or arbitration proceedings, nor so far as the Directors are aware, are there any legal or arbitration proceedings active, pending or threatened by or against the Company, in each case, which are having, may have or have had a significant effect on the financial position or profitability of the Company.

A. Ward Proceedings

On 8 October 2020, the Company was served with a writ of summons in respect of proceedings commenced against it in the Supreme Court of Western Australia. The plaintiffs, Mr Murray Ward and his associated company, Roseland Capital Pty Ltd, (**Plaintiffs**) seek damages from the Company for alleged breaches of contract, breaches of the Australian Consumer Law, and tortious conspiracy.

The Company emphatically denies the Plaintiffs' claims and intends to vigorously defend the proceedings. The Plaintiffs claim an entitlement to certain introduction fees in connection with equity and offtake transactions in and after 2015 concerning the Mt Marion Lithium Project, owned by RIM. The Company completed the divestment of its interest in RIM to RIM's other shareholders in March 2019.

The writ of summons names the Company as one of four defendants. The Plaintiffs claim an alleged debt of approximately AUD\$6.5 million, as well as unquantified damages including in connection with an alleged 2% introductory fee calculated against the value of each shipment of spodumene from Mt Marion Lithium Project to introduced parties.

The Company considers there to be no proper legal basis to any of the claims, nor any entitlement of the Plaintiffs to any relief. The Company will file and serve its defence in due course.

19. Significant Change

There has been no significant change in the trading or financial position of the Group since 30 June 2021, being the date to which the historical financial information in Part V was made up.

20. Employees

As at the date of the admission document, the Group employed a total of 33 members of staff across Australia. The following table shows the number of permanent employees, including directors, working for the Group as at 30 June 2019, 30 June 2020 and 30 June 2021:

	<u>30 June 2019</u>	<u>30 June 2020</u>	<u>30 June 2021</u>
Group executives	10	10	10
Administrative Staff	6	7	8
Technical Staff (Mining & Exploration)	4	4	4
Technical Staff (Battery Recycling & Vanadium Recovery)	3	6	6
Total	<u>23</u>	<u>27</u>	<u>28</u>

21. Related Party Transactions

The Company has not entered into any related party transactions (other than the grant of Performance Rights to directors and director remuneration as set out in the paragraphs 10 and 11 of this Part VI.

22. Depository interests

The terms of the arrangements governing the Depository Interests are summarised in paragraphs 14L and 14M of this Part V.

23. Consents

Genkos Securities plc has given and not withdrawn its consent to the inclusion in this document to the references to its name in the form and context in which they are included.

The Competent Person accepts responsibility for its report set out in Part III of this document and for any information sourced from such report in this document. To the best of the knowledge and belief of the Competent Person (which has taken all reasonable care to ensure that such is the case), the information contained therein is in accordance with the facts and does not omit anything likely to affect the import of such information.

24. General

Save as described below, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:

- (a) fees totalling £10,000 or more;
- (b) securities where these have a value of £10,000 or more; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.

The total expenses payable by the Company in connection with the Admission (including those fees and commissions referred to in paragraph 14 of this Part VI) are estimated to amount to approximately £1,534,422.51 (excluding VAT).

With regard to the acquisition of, or maintenance of, its assets, the Company has made the following payments aggregating to over £10,000 to government or regulatory authorities in the 12 months periods ending on 31 January 2022:

- A\$322,795 to Department of Mines Industry Regulation and Safety and relevant local government authorities for mining tenement rent and local government authority rates and charges.

Where third party information has been referenced in this document, the source of that third party information has been disclosed. Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Since the date of incorporation of the Company there have been no takeover bids by third parties in respect of the Ordinary Shares.

Save as disclosed in this document, so far as the Directors are aware, there are no known trends, uncertainties, demands, commitments or events that are likely to have a material effect on the Company's prospects for the current financial year.

No material changes have occurred since the effective date of the CPR and up to the date of this document the omission of which would make the CPR misleading.

The current accounting reference period of the Company will end on 30 June 2022.

25. Availability of this Document

A copy of this document is available free of charge from the registered office of Cenkos Securities plc at 6.7.8 Tokenhouse Yard, London, EC2R 7 AS, United Kingdom during normal business hours on any weekday (Saturdays, Sundays and public holidays in England and Wales excepted) until the date falling one month after the date of this document. A copy of this document is also available on the Company's website, www.neometals.com.au

Dated: 21 February 2022

Part VII

Definitions

AACE	Association for the Advancement of Cost Engineering
ACN 630	A.C.N. 630 589 507 Pty Ltd
Act	the Companies Act 2006, as amended
Admission	admission to AIM of the Ordinary Shares of the Company to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
AIM	AIM, the market of that name operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies and the AIM Rules for Nomads
AIM Rules for Companies	the 'AIM Rules for Companies' issued by the London Stock Exchange, as amended from time to time, setting out the rules and responsibilities in relation to AIM companies
AIM Rules for Nomads	the 'AIM Rules for Nominated Advisers' issued by the London Stock Exchange, as amended from time to time, setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers
ASX CGC P&R	the ASX Corporate Governance Council Principles and Recommendations 4 th Edition 2019
Audit Committee	the audit committee of the Board
Australian Corporations Act	the Corporations Act 2001 of the Commonwealth of Australia (as amended)
Barrambie	the Company's Barrambie titanium and vanadium project
Board or Directors	the directors of the Company, or a duly authorised committee thereof, whose names are set out on page 7 of this document
the Company or Neometals	Neometals Ltd, a company incorporated in Australia with registered number ACN 099 116 631, and such terms shall be deemed to include such of the Company's subsidiaries as the context may require
Cenkos	Cenkos Securities PLC, a company registered in England and Wales with registered number 5210733
Certificated or in certificated form	a share or other security which is not in uncertificated form (that is not in CREST)
Charter	the formal corporate governance charter of the Company together with associated policies, protocols and related instruments
Competent Person	Snowden, a business unit of Datamine Australia Pty Ltd, a company incorporated in Australia with Australian Company Number 006 677 425
Competent Person's Report	the competent person's report prepared by the Competent Person on the Company's Barrambie titanium-vanadium project
Constitution	the Company's constitution, as adopted on 27 November 2015.
CREST	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended

Depository	Computershare Investor Services PLC, a company incorporated in England and Wales
Depository Agreement	the depository agreement relating to the issue of the Depository Interests, dated 21 February 2022 and entered into between the Company and the Depository
Depository Deed Poll	the deed poll relating to the holding of Ordinary Shares and the issue of the Depository Interests, dated 15 February 2022 and made by the Depository in favour of the DI Holders
Depository Interests	the dematerialised depository interests representing the Ordinary Shares to be admitted to trading on AIM and issued by the Depository, which will hold legal title to the underlying Ordinary Shares, as detailed in paragraph 15 B of Part I of this document
DI Holder	the holder(s) of a Depository Interest, from time to time, pursuant to the Depository Deed Poll
EEA	the European Economic Area
EUWA	the European Union (Withdrawal) Act 2018
EV	electric vehicle
Euroclear	Euroclear UK and International Limited, the operator (as defined in the CREST Regulations) of CREST
Evaluation Activities Licence Agreement	the licence agreement (evaluation activities) dated 20 October 2020 between ACN 630 and Primobius
FATA	the Foreign Acquisitions and Takeovers Act 1975 of the Commonwealth of Australia (as amended)
FCA	the UK Financial Conduct Authority
FID	final investment decision
FSMA	the Financial Services and Markets Act 2000 (as amended)
Group	the Company including its subsidiaries
H2GS	H2 Green Steel
Introduction Agreement	the introduction agreement dated 21 February 2022 between the Directors, Cenkos and the Company described in paragraph 14K of Part VI of this document
IFRS	International Financial Reporting Standards, as adopted for use in the European Union
ISIN	the International Securities Identification Number
Itochu	Itochu Corporation
Latest Practicable Date	18 February 2022
LIB	lithium-ion battery
London Stock Exchange	London Stock Exchange plc
MAR	the UK version of Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse as it forms part of the law of England and Wales by virtue of section 3 of the EUWA and as modified by or under the EUWA or other domestic law (including but not limited to the Market Abuse (Amendment) (EU Exit) Regulations 2019/310#)
Nomad	the Nominated Adviser to the Company, as defined in the AIM Rules
Official List	the Official List of the FCA

Operator	has the meaning in the CREST Regulations
Ordinary Shares	ordinary shares in the capital of the Company
Performance Rights Plan	the Company's Performance Rights Plan, further details of which are set out in paragraph 12 of Part VI of this document
Performance Rights	rights to acquire (whether by subscription or market purchase) Ordinary Shares as described in paragraph 12 of Part VI of the document
Primobius	Primobius GmbH
Primobius Shareholders Agreement	the Shareholders agreement dated 31 July 2020 between Neometals, ACN 630, Primobius and SMS Group
QCA	the Quoted Companies Alliance
QCA Code	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013, published by the QCA, as amended from time to time
Register	the register of members of the Company
Remuneration Committee	the remuneration committee of the Board
SEDOL	the Stock Exchange Daily Official List Identification Number
Share Registrar	Computershare Investor Services Pty Limited
Shareholders	the holders of Ordinary Shares from time to time
Slag	steel by-product
SMS Group	SMS Group GmbH
SSAB	SSAB AB
Stelco	Stelco Inc.
Takeover Code	The City Code on Takeovers and Mergers issued by the Takeover Panel and, from time to time, any successor or replacement body thereof
Takeover Panel	the Panel on Takeovers and Mergers
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
USA of US or United States	United States of America, each State thereof (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction
US\$ or \$	the United States dollar
uncertificated or in uncertificated form	securities recorded on a register of securities maintained by Euroclear UK & International Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
VRP	the Company's vanadium recovery project

Part VIII

Glossary

CAGR	compound annual growth rate
dtpa	dry tonnes per annum
GDP	gross domestic product
Gwh	Gigawatt hours
Gwh/a	Gigawatt hours per annum
Ktpa	kilo tonnes per annum
Mineral Resource	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into "inferred", "indicated" and "measured" categories
Mtpa	million tonnes per annum
OEM	original equipment manufacturer
Twh	terawatt-hour
tpa	tonnes per annum
tpd	tonnes per day
V₂O₅	vanadium pentoxide

