

Neometals announce Special Dividend and Unmarketable Parcel Sale Facility

Neometals {ASX: NMT} have announced a special dividend, share buy back, and a parcel sale facility.

This is the result of a strong balance sheet and anticipation of early production and cashflow.

Neometals Capital Management

Return to Shareholders and On-market Share Buy-Back (and Unmarketable Parcel Sale Facility)

HIGHLIGHTS:

- 2 cent per share return to shareholders split between capital return (subject to shareholder meeting approval) and unfranked dividend, depending on ATO ruling
- On-market share buy-back of up to a maximum of 5% of issued capital (limited to \$5 million worth of shares bought back) over 12 months and unmarketable parcel sale facility

The Board of **Neometals Ltd {ASX: NMT}** has approved a capital management

strategy, including a return to shareholders and a share buy-back, in light of the recent cash injection, the Company's strong balance sheet and projected future cash flows.

Neometals announced on 18 February 2016 that **Ganfeng Lithium Company** would accelerate the exercise of its option to acquire

an additional 18.1% of Reed Industrial Minerals Pty Ltd ("RIM") from Neometals.

The full purchase proceeds of US\$27.15 million has now been transferred to Neometals' lawyers, with US\$13.575 million, representing 50%, being unconditionally received by the Company and the balance to be released on or before 31 March 2016.

Upon receipt of the remaining US\$13.575m it is expected that Neometals will have between A\$66m and A\$68m in cash.

Return to Shareholders

Consistent with the Company's commitment to deliver shareholder value and return, the Board proposes to make a cash payment to shareholders of 2 cents per share, which equates to approximately A\$11.2m in total.

The payment will be comprised of a combination of an equal reduction of capital and an unfranked dividend ("Return to Shareholders"). The relative proportions of the Return to Shareholders will be determined by the Board after the receipt of a ruling from the Australian Taxation Office.

A general meeting of shareholders is expected to be held in April 2016 after the tax ruling is received and further details will be included in the Explanatory Memorandum accompanying the Notice of Meeting.

On-market Share Buy-Back and Unmarketable Parcel Sale Facility

Subsequent to the Return to Shareholders being completed,

Neometals intends to initiate an on – market buy-back of ordinary shares. The Company will acquire up to a maximum of 5% of the Company's current issued ordinary shares, and will not buy-back more than A\$5 m worth of shares over 12 months.

Subsequent to the Return to Shareholders being completed, the Company will also initiate an unmarketable parcel sale facility. Under the ASX Listing Rules, an unmarketable parcel is considered to be a shareholding valued at less than A\$500. The unmarketable parcel sale facility will enable eligible shareholders to sell their full holding to the Company with no broking or administration fees.

Further details will be provided post the completion of the Return to Shareholders.

Strategy for Neometals

After implementation of the capital management initiatives, Neometals prudentially will retain around A\$50m in cash to pursue its ongoing business initiatives:

- participating as a 26.9% shareholder in the Mt Marion Project (subject to remaining put and call option provisions between Neometals and Process Minerals International Pty Ltd, wholly owned subsidiary of Mineral Resources Limited);
- participating as a 70% shareholder in Reed Advanced Materials Pty Ltd, owner of the patented ELi process to produce lithium hydroxide directly from spodumene concentrates, which is subject of a Definitive Feasibility Study due for completion in June 2016;
- commercialising the Canadian process technology which the Company holds exclusive rights to (under a binding term sheet announced 10 December 2015), through the pursuit of a strategic partnership with a global EPC engineering company;
- progressing value realisation strategies for the Barrambie Titanium project and progressing divestment of its prospective nickel tenements; and

- considering corporate or asset transactions which deliver shareholder value.

Indicative Timetable

An indicative timetable is as follows:

- mid March 2016 Release of Notice of Meeting to shareholders
- mid April 2016 General Meeting to approve the Capital Return
- late April 2016 Record date for eligibility for the Capital Return and Dividend
- late April 2016 Proposed cash distribution to shareholders

All dates are indicative only.

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