Neometals buyback program now exceeds over 21 million shares

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Comment

I am all in favour of share buybacks, as I prefer capital growth to dividends, but with 450 million shares still outstanding, the effectiveness of this program has to be questioned.

Neometals have so many projects ongoing I think they should now focus on financing those projects, and generating cash, rather than buying back any more shares.

The company are cash rich, which is a nice position to be in of course, but there have to be opportunities for that cash, and that is where I think greater shareholder value can be created.

Once the lithium hydroxide and battery recycling projects are developed, that may be an opportune time to commence a buyback program on the strength of the increased cash being generated, in my opinion.

NMT are looking to receive AUS $20 million next year as their share of the MT. Marion revenue (NMT 13.6%) which makes the current valuation of sub AUS $150 million market cap look quite undervalued, on the normal metrics for a producing lithium miner.

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It's hard to perceive the price of lithium falling as demand is currently surging!