Neometals' Vanadium Recovery Low Cost Potential

Neometals Ltd (ASX: NMT)

Announced the completion of an Association for the Advancement of Cost Engineering Class 3 Engineering Cost Study on the recovery of high-purity vanadium pentoxide ("V2O5") from high-grade vanadium-bearing steel by-product.

The ECS was completed with assistance from leading Nordic engineering group Sweco Industry Oy. […]

Neometals	**ASX / AIM : NMT**
Stage	**Production + development**
Metals	**Titanium + Vanadium + lithium + nickel**
Market cap	**A$568 m @ A$1.03**
Location	**Western Australia, Germany, Finland, USA**



NEOMETALS' VANADIUM RECOVERY STUDY CONFIRMS LOWEST QUARTILE COST POTENTIAL

Neometals Ltd (ASX: NMT) ("Neometals" or "the Company"), is pleased to announce the completion of an Association for the Advancement of Cost Engineering ("AACE") Class 3 Engineering Cost Study ("ECS") on the recovery of high-purity vanadium pentoxide ("V2O5") from high-grade vanadium-bearing steel by-product.

The ECS was completed with assistance from leading Nordic engineering group Sweco Industry Oy ("Sweco").

HIGHLIGHTS

• Class 3 Engineering Cost Study component of Feasibility Study completed with assistance from leading Nordic engineering group Sweco Industry Oy;
• Operating cost estimate of US$ 4.38/lb V2O5 places VRP1 project in lowest quartile of the industry cost curve;
• Capital cost estimate of US$ 341 M for upsized 300ktpa plant (including 15% contingency); and
• Permitting activities well advanced with Environmental Permit submitted to Finnish regulators and a decision expected in September 2022.

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As previously announced (see Neometals announcement titled

“High-Grade Vanadium Recycling Agreement” dated 6thApril 2020), Neometals has the option to enter into a 50:50 incorporated joint venture (“JV”) to develop a vanadium recovery project
(“Vanadium Recovery Project”or “VRP1”)with unlisted Australian mineral development company, Critical Metals Ltd (“Critical”).

The parties are jointly evaluating the feasibility of constructing a facility in Pori, Finland to process and recover high-purity V2O5 from vanadium-bearing steel making by-product (“Slag”) generated by SSAB EMEA AB and SSAB Europe Oy (collectively “SSAB”) in Scandinavia.

The VRP1 offers a compelling business case which is underpinned by:
• access to very high-grade vanadium feedstocks without upstream mining costs and associated operating risks;
• potentially robust economics;
• processing flowsheet utilising conventional equipment at atmospheric pressure and mild temperatures with non-exotic materials of construction; and
• a very low or net zero greenhouse gas footprint given the absence of mining and a processing route sequestering CO2 into potentially saleable carbonate by-product.

Neometals is encouraged by the outcomes of the ECS which confirms the potential for lowest quartile operating costs. This aligns with prior outcomes from the historical Neometals pre-feasibility study (“PFS”), however the ECS has been completed to a ±15% level of accuracy compared to the previous -20% +25%.

Capital and Operating cost estimates are denominated in US$ dollars
using an exchange rate of 1 Euro: 1.123 US$.

ECS Metrics (100% ownership basis) PFS Metrics (100% ownership

basis)***
Annual Production 19.01million lbs (8,642 t) V2O5 13.43 million lbs (6,091 t) V2O5
Annual Throughput* 300,000 tpa 200,000 tpa
Average Net Operating Cost of recovered V2O5 US $4.38/lb US $4.25/lb
Total initial capital costs** US $341 M US $183.4 M
*Based on potential additional Slag volumes
**See Table 2 for further information on ECS initial capital costs
***Refer ASX Announcement “Vanadium Recovery Project –PFS Indicates Robust Potential Economics” dated 4 May 2021

For brevity, this summary has been redacted, to read the full news release, please click HERE

Neometals management comments

“Completion of the ECS has provided additional confidence in the operating and capital costs of VRP1, the teams have significantly reduced the technical risk of the project.

“Combining this high-grade feed stock with our innovative process flowsheet can deliver very high purity, low-cost vanadium chemicals globally with a very low carbon footprint.

“Security of supply is a key issue in Europe, vanadium has been on the list of Critical Raw Materials since 2017, and Russia supplied the bulk of Europe’s vanadium feedstock in 2021.

“As Europe’s only advanced high purity vanadium development project, VRP1 is a strategically important asset.

“Notwithstanding a reduction in technical risk, Neometals is cognisant of the global economic and geopolitical outlook, current state of financial markets and the fall in the vanadium price which has increased the financial risk of the project”

Chris Reed, MD of Neometals

For brevity, this summary has been redacted, to read the full news release, please click HERE

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