

# Neometals sign MOU with Jiangxi Ganfeng Lithium Co.

Neometals Ltd {ASX: NMT} and their partner Mineral Resources {ASX: RIM} confirm they have signed an MOU with China's 2nd largest lithium producer, Jiangxi Ganfeng Lithium Co.

This is a significant transaction that will net Neometals AU \$19 million, if completed.

Neometals Ltd {ASX: NMT} and Mineral Resources Limited (ASX: MIN) – via its wholly owned subsidiary Process Minerals International) are pleased to jointly announce that their jointly owned subsidiary, Reed Industrial Minerals Pty Ltd ("RIM") has entered into a conditional Memorandum of Understanding ("MoU") with China's second largest lithium producer Jiangxi Ganfeng Lithium Co., Ltd ("Ganfeng").

The MOU sets out the key commercial terms for:

- Ganfeng to acquire an up-front 25% shareholding in RIM by way of share sale and equity subscription leaving Neometals with 45% of RIM and MIN with 30% of RIM.

Neometals will net approximately US\$19.5 million from this initial transaction;

- PMI and Ganfeng to be granted options by Neometals pursuant to which they can elect to increase their respective shareholdings in RIM to 43.1% by around Q4 of 2016 by way of share purchase from Neometals.

If these options are fully exercised, Neometals will be left holding 13.8% of RIM;

- MIN building, owning and operating the Mount Marion mining, crushing and beneficiation infrastructure

and equipment pursuant to a fixed price mining services contract; • Ganfeng entering into a long-term offtake for 100% of the spodumene produced from the Mt Marion Lithium Project at benchmarked market prices subject to an agreed price floor. Under the agreement, from year 4 onwards RIM reserves the right to take 51% of the total production if greater commercial benefit can be derived from such product (“Ganfeng Offtake”); and • prudential corporate governance arrangements for RIM between Ganfeng and RIM’s existing shareholders with equal board representation for all shareholders.

The parties will proceed to finalise Formal Agreements to give full effect to the terms of the MOU ***with execution and financial close scheduled for 31 August 2015***. Financial close will trigger a Final Investment Decision for the Mt Marion lithium concentrate operation and commencement of full plant construction and assemblage as all necessary approvals for the project have been secured by RIM.

MIN is already well advanced with development planning and procurement, with commissioning and production of lithium concentrate product anticipated by mid-2016. Conditions Financial Close of the transaction with Ganfeng is subject to the following conditions being satisfied:

- completion of confirmatory financial, technical and legal due diligence satisfactory to Ganfeng (acting reasonably)

- ; • Approval under the Foreign Acquisitions and Takeovers Act 1975 (Cth); • Jiangxi Provincial Government approval

- ; • Ganfeng shareholder approval;

- Ganfeng’s and RIM’s board approving execution of the Formal Agreements.

The MoU requires each party to use all reasonable endeavours to satisfy the above conditions (as relevant to each party) by 26 August 2015 and execute the Formal Agreements by 31 August 2015, failing which a non-defaulting party may elect to terminate the MOU.

Chris Reed, Neometals Managing Director commented: *"This MOU is an exciting milestone achievement for Neometals and RIM, and we look forward to working with our project partners to progress the Mt Marion Project to the next stage of its development."*

Chris Ellison, MIN Managing Director commented: *"MIN is extremely pleased that we have been able to successfully progress negotiations with Ganfeng on terms that will see the Mt Marion Project expeditiously brought into production. "*

Further information will be released upon the transaction becoming unconditional. ENDS

**For further information**

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