

Neometals Update - Mt Marion Lithium Operations

Neometals Ltd {ASX: NMT} and **Mineral Resources Limited {ASX: MIN}**

provided an update on the status of operations at Mt Marion and related commercial arrangements.

The plant has successfully reached throughput at rates of 280 tonnes per hour. Recoveries and product grades are in line with the ramp-up plan.



16 February 2017

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wishes to provide an update on the status of operations at Mt Marion and related commercial arrangements.

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The construction of the fines flotation circuit is expected to be completed by the end of February 2017 with commissioning scheduled to commence immediately.

The second lithium concentrate shipment is scheduled for mid-March, with anticipated tonnage of approximately 15,000 t with product grades of +6 and +4% Li₂O.

The shareholders, Ganfeng Lithium, MIN and Neometals have

finalised negotiations and expect execution of formal documentation by end February 2017, for the following:

Offtake Arrangements

- fix the 6% Li20 pricing (US\$750 per dry metric tonne, CFR China) for shipments departing before 30 June 2017.
- pricing of subsequent shipments is to be set on a 6-month basis by a formula based on a weighted average price of Chinese imports of Lithium Carbonate and Lithium Hydroxide (based on published import statistics) plus a floor price consistent with original offtake agreement.
- expand the scope of the offtake agreements for the Mt Marion Project to 400,000 tpa of spodumene concentrates to include any sub-6% Li20 production (as set out in the 31 May 2016 announcement).

Mining Services Arrangements

- to vary the existing Mining Services Agreement to cover production of coarse and fine sub-6% Li20 products in line with above offtake arrangements.
- subject to agreement on final commercial pricing, to further vary the Mining Services Agreement to upgrade sub-6% Li20 products to all +6% Li20 product, resulting in 400,000tpa of +6% Li20 concentrates.

MIN have ordered long lead items.

It is expected that construction will commence in March 2017 without negative impact on production and with transition to all 6% Li20 production by the end of CY2017.

The market will be informed upon execution of the formal agreements.

ENDS

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