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First sub-licence of the Neomet Process

Neometals Ltd (ASX: NMT) (“Neometals” or “the Company”) is pleased to advise that its wholly owned subsidiary Alphamet Management Pty Ltd (“Alphamet”) has entered into the first sub-licence agreement for the application of the Neomet Process technology.

Subject to satisfactory pilot testing, the agreement will see the Neomet Process technology used at a steel mill in the Republic of Serbia to recover zinc, copper, iron, silver and lead from a new modular EAF Dust Processing plant.

The Company sees this agreement as a solid step forward in its strategy to develop and hold a portfolio of royalty interests from sub-licencing the technology in addition to deploying the process on its Barrambie Titanium Project.

Neometals has a Strategic Alliance with Australian Engineers, Sedgman Limited, to provide the platform for the commercialisation of the technology, at no cost to Neometals.

The sub-licence agreement will enable the technology to be applied by a third-party joint venture between a steel producer and a European investment group specialising in industrial waste processing for a proposed electric arc furnace dust processing plant. The modular plant will be co-located at the steel mill and seek to recover quantities of zinc, copper, iron, silver and lead through processing of electric arc furnace dust, that can have up to 35% zinc.

As was announced on 10 December 2015 and 18 April 2016, Alphamet is responsible for managing the commercialisation and development of the Neomet Process technology, and all revenue received from the commercialisation of the technology will be split 25:75 between Alphamet and the owners of the technology. Under the sub-licence agreement, the sub- licensee must pay a royalty on the gross proceeds of any minerals or metals produced from the plant using the Neomet Process technology. As the first sub- licensee the joint venture will receive a three-year royalty holiday in return for access to showcase the process to other prospective sub- licensees.

Neometals will keep the market informed as to progress with the Serbian project, including, subject to satisfactory pilot testing, a construction time frame once the joint venturers have secured an engineering, procurement and construction contract for the construction of the plant.

ENDS



All the right elements

The technology was originally invented for refractory precious and base metal concentrates by Mr Carl White and Dr Bryn Harris, a former professor at McGill University Montreal, Canada and recipient of the Sherritt Award for Hydrometallurgy.

This patented, environmentally friendly process technology has broad application in the recovery of a wide range of metal oxides from chloride leach solutions other than titanium. The energy-efficient recovery and regeneration of hydrochloric acid with minimal effluent is an environmentally sustainable, competitive advantage over conventional processing flowsheets.

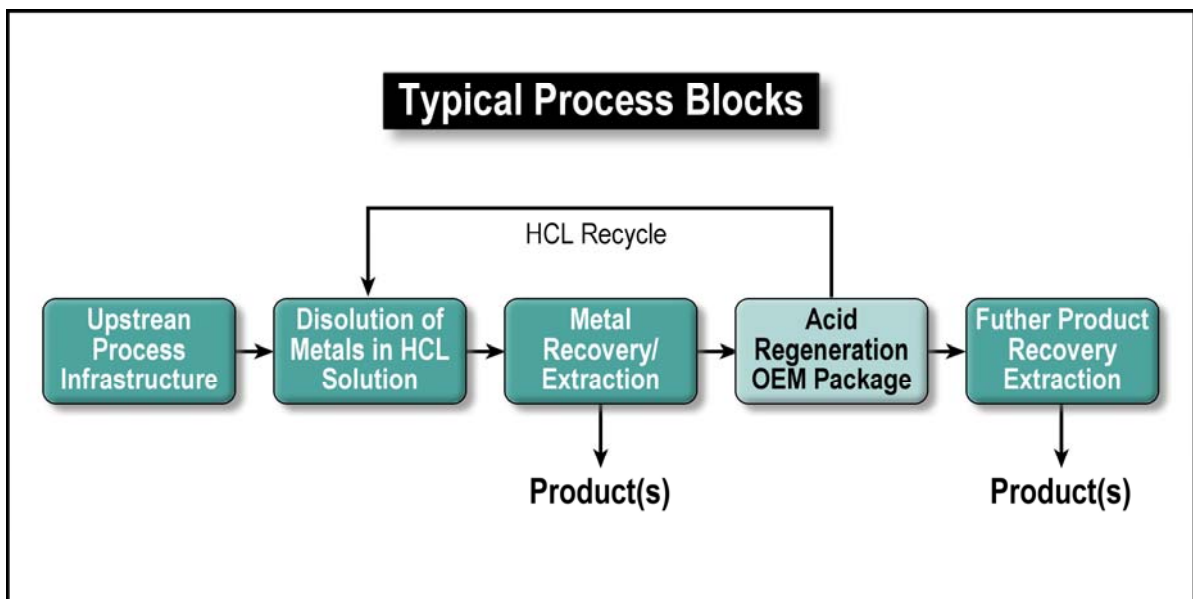


Figure 1: Neomet Process Flowsheet

Neometals has a Strategic Alliance with Sedgman Limited (a wholly owned subsidiary of CIMIC Group Limited (ASX:CIM)) to provide the platform for the commercialisation of the technology, at no up-front cost to Neometals. Sedgman’s project team has been marketing the Acid Regeneration Plant and process technology, identifying initial QuickTest evaluation customers and readying the laboratory facilities. Neometals’ strategy is to develop and hold a portfolio of royalty interests from sub-licencing the technology in addition to deploying the technology for the Barrambie Project.

The Company has also executed a non-binding Memorandum of Understanding with Andritz AG with respect to marketing the technology and suppling equipment as preferred manufacturer. Andritz is one of the world’s leading suppliers of process technologies, equipment, plants and systems for special industries. It is headquartered in Graz, Austria and has over 25,000 employees at 250 sites worldwide.

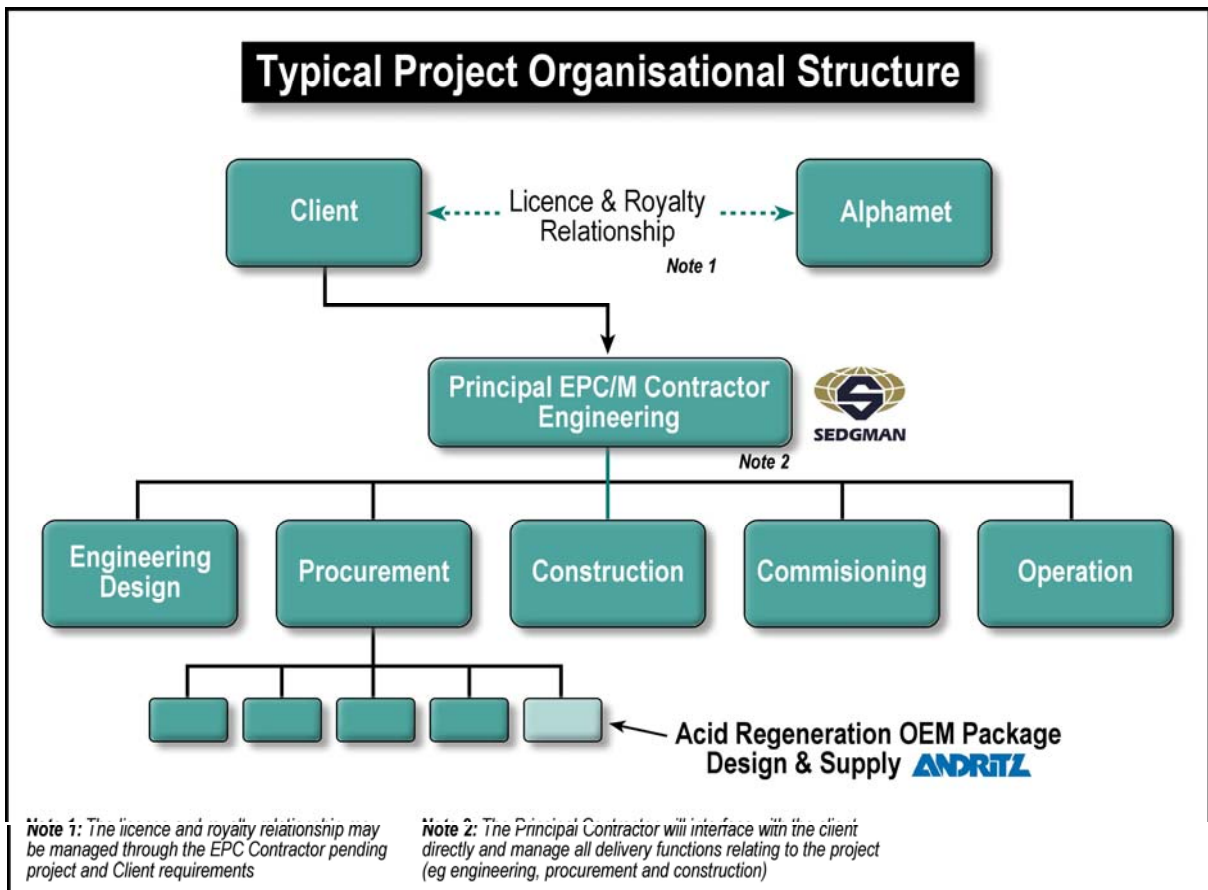


Figure 2. Typical Project Execution Structure

The Company holds a long-term lease for the commercial laboratory facilities from one of the owners of the technology for use by the Strategic Alliance partners to test third party material.



Image 1. Neometals' Leased Laboratory at 5800 Thimens Blvd, Montreal, Canada