

## Neometals now controlling shareholder in Vanadium Recovery Project SPV

### Highlights

- Execution of agreement to formalise Neometals' 50% ownership in the Vanadium Recovery Project's incorporated joint venture company, Recycling Industries Scandinavia AB ("RISAB");
- Neometals has the right to appoint RISAB chair with casting vote;
- Neometals guarantees newly amended LD-Slag Supply Agreement with steelmaker SSAB, providing baseline feedstock to support a 10 year, 300,000tpa operation<sup>1</sup>;
- Feasibility Study on 300,000tpa operation will be finalised and released in MarchQ 2023; and
- RISAB has leading Nordic investment banks managing equity and project financing processes.

Emerging sustainable battery materials producer, Neometals Ltd (ASX: NMT & AIM: NMT) ("**Neometals**" or "**the Company**") is pleased to announce execution of several landmark agreements that secure Neometals' 50% ownership and operatorship of the incorporated joint venture vehicle RISAB developing the first Finnish Vanadium Recovery Project ("**Vanadium Recovery Project**" or "**VRP1**"). The balance of RISAB equity is held by unlisted Australian mineral development company, Critical Metals Ltd ("**Critical**"). Neometals holds approximately 19% of Critical's issued capital. The parties are jointly evaluating the feasibility of constructing a facility in Pori, Finland to process and recover high-purity vanadium pentoxide ("**V<sub>2</sub>O<sub>5</sub>**") from vanadium-bearing steel making by-product ("**Slag**") generated or obtained by SSAB in Scandinavia. Neometals has also executed a technology licence for its Slag processing intellectual property to RISAB for a 2.5% gross sales royalty.

Neometals has provided SSAB a guarantee for RISAB to enable execution of an amended feedstock supply agreement for Slag with SSAB EMEA AB and SSAB Europe Oy (collectively "**SSAB**"). Under the binding agreement ("**Amended LD-Slag Supply Agreement**"), SSAB will supply 2 million tonnes of Slag with RISAB having the first right to purchase additional tonnes on an as available basis. The Amended LD-Slag Supply Agreement still contains the condition that a project investment decision must be made by 30 June 2023, but removes the requirement to be in production by 31<sup>st</sup> December 2024.

The Amended LD-Slag Supply Agreement provides a reasonable basis for the finalisation and release of feasibility study ("**FS**") results based on a 300,000tpa feed rate, incorporating updated data from the previously announced Class 3 Engineering Cost Study ("**ECS**") (see Neometals' ASX release dated 8 July 2022 titled "*Vanadium Recovery Study Confirms Lowest Quartile Cost Potential*"). Additionally, Neometals looks forward to sharing related outcomes on a materially complete Life Cycle Assessment (carbon footprint).

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<sup>1</sup> RISAB has the first right to purchase additional volumes of Slag obtained by SSAB above 2 million tonnes on an as available basis at agreed prices linked to product grade and the prevailing FeV80 vanadium price.



Neometals Managing Director Chris Reed said:

*“We are pleased to formalise our ownership in the VRP and finalise the new supply arrangements with SSAB which supports our expanded plant size. Neometals will now finalise the evaluation activities and publish financial and carbon footprint metrics this quarter.*

*Importantly, Critical and Neometals have built a first class, core management team for RISAB to operate the projects independently and support has been secured from leading Nordic investment banks who are managing the equity and debt funding processes. Positive equity and debt outcomes will enable a positive investment decision under the SSAB supply agreement by 30 June 2023 which will be followed by commencement of process plant construction in 2H 2023.*

## Background

Neometals has now acquired a 50% shareholding in RISAB which is the incorporated JV company that is developing VRP1. RISAB is owned 50% by Neometals Ltd with the balance held by Critical. The parties are jointly evaluating the feasibility of constructing a facility in Pori, Finland to process and recover high-purity vanadium pentoxide (“ $V_2O_5$ ”) from Slag generated or obtained by SSAB in Scandinavia.

Neometals’ wholly owned subsidiary, Avanti Materials Ltd, has licensed to RISAB, its vanadium recovery processing flowsheet (“**VRP Technology**”) for VRP1 (“**Technology Licence Agreement**”). Neometals and Critical also have a second partnership opportunity to apply the VRP Technology elsewhere in the Nordics (H2GS feedstock, Boden – Sweden location) (for full details refer to Neometals ASX announcement dated 13 September 2021 titled “*MoU for potential second, larger vanadium recovery plant*”).

## RISAB Shareholders Agreement

Key terms include:

- RISAB will be owned 50% by Ecometals Pty Ltd (“**Ecometals**”) (a wholly owned subsidiary of Neometals) and 50% by Scandinavian Resources Pty Ltd (“**ScanRes**”) (a wholly owned subsidiary of Critical).
- Ecometals and ScanRes will each appoint 2 directors to the board of RISAB. The chair of the RISAB board will be one of the Neometals appointees and will have a casting vote.
- Ecometals will immediately advance A\$3M to RISAB to fund ongoing evaluation activities. ScanRes has until 31 March 2023 to invest up to A\$3M to match Ecometals’ contribution in order to retain a 50% shareholding in RISAB. If ScanRes does not contribute capital by that time, the parties’ interests will then be Ecometals – 75%, ScanRes – 25% (with the capacity for pro rata adjustments if ScanRes partially contributes)
- Thereafter, the parties must contribute capital by equity or loan to fund ongoing activities pro rata in accordance with their equity interests. In the case of non-contribution by one party, the other party can contribute the shortfall and in the case of a loan, take a share pledge over the non-contributing shareholder’s shares as security for the loan.
- RISAB will conduct evaluation activities in accordance with an agreed business plan to enable each of Ecometals and ScanRes to make a decision on whether to support a project investment decision by 30 June 2023, to proceed under the Amended LD-Slag Supply Agreement towards construction of the Slag processing facility (VRP1). If one party does not wish to proceed, the other party may buy-out the non-proceeding party’s shareholding in RISAB for nominal consideration.

- Darren Townsend of Neometals and Johanna Lamminen of Critical will manage the ongoing evaluation activities on behalf of RISAB.
- The Amended LD-Slag Supply Agreement contains other terms and conditions customary for an agreement of its nature, including for the ongoing governance and conduct of RISAB on behalf of the shareholders, board representation, shareholder voting on fundamental matters and default and buy-out rights.

### Technology License Agreement

Key terms include:

- Avanti grants RISAB an exclusive licence to use Avanti's technology in Denmark, Norway, Finland and Sweden for the operation of plants in the territory using Scandinavian feedstocks.
- Avanti is entitled to a 2.5% royalty on gross revenue earned by RISAB from use and exploitation of the Avanti technology.
- The agreement contains other terms and conditions customary for an agreement of its nature, including for Avanti to provide necessary assistance and support to RISAB, stepdown of royalty rates if patents are not granted, and termination rights for default including for failure by RISAB to meaningfully progress the construction of VRP1.

### Amended LD-Slag Supply Agreement

Key terms include:

- RISAB, Critical's former wholly owned subsidiary, now owned 50:50 by Neometals and Critical, is the counterparty and 'buyer'.
- The product subject to the Amended LD-Slag Supply Agreement is defined as LD-Slag sourced from any of SSAB's sites (including Luleå or Oxelösund in Sweden and Raahe in Finland) and the typical grade of the product is between 2.68 and 4.11% V<sub>2</sub>O<sub>5</sub> ("**Product**").
- The reference grade for pricing the Slag is 2.20% V (3.92% V<sub>2</sub>O<sub>5</sub>).
- The volume of Slag to be delivered to Critical in each contract year during the supply period is 300,000 dry metric tonnes ("**dmt**").
- RISAB must pick up, transport and pay for the 300,000tpa of Slag until it has fulfilled its total purchase obligation of 2mt.
- RISAB has the first right, but not the obligation, to purchase additional tonnes of Slag obtained by SSAB.
- The supply period will begin once a positive investment decision to build and operate VRP1 in Finland is made (by no later than 30 June 2023) and will be effective for a term of 10 years.
- If the JV makes a positive investment decision to build and operate VRP1, RISAB must prepay SSAB for the first 700,000dmt of Slag to be supplied from Luleå.
- Prices for Slag are linked to Slag grade and prevailing FeV80 vanadium price, with adjustments against a reference grade of 2.2% V (3.92% V<sub>2</sub>O<sub>5</sub>) for each shipment.

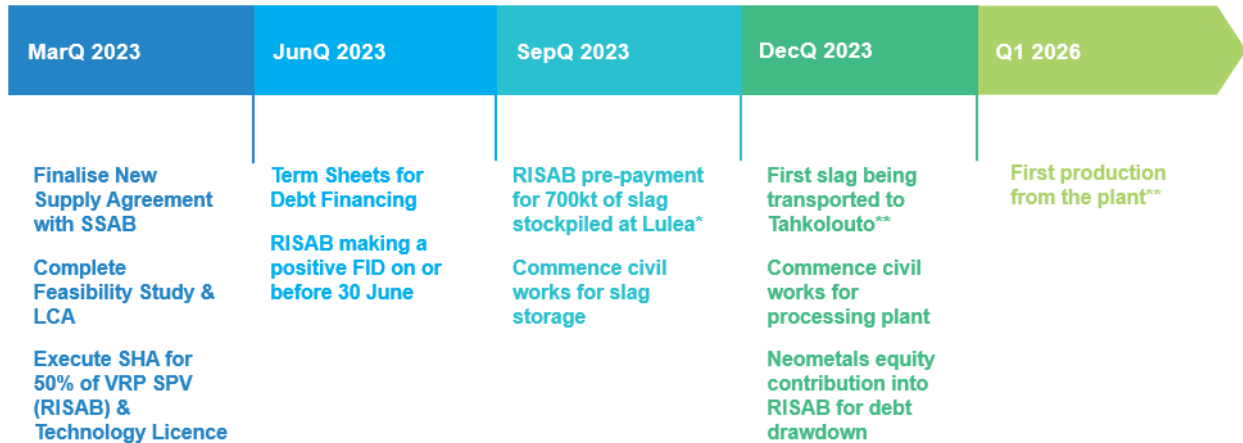
### Guarantee

Neometals has agreed to be added as a guarantor to the Amended LD-Slag Supply Agreement under which Neometals will guarantee to SSAB the full and punctual performance of RISAB's obligations under the Amended LD-Slag Supply Agreement. Neometals joins existing guarantors, Critical and Critical Metals Scandinavia AB, as joint and several guarantor. No material obligations under this guarantee are expected to crystallise until, and if, such time a positive investment decision in relation to VRP1 is made prior to 30 June 2023.



## Next Steps

VRP1 indicative timeline:



\* Pre-payment to be paid within 72 hours after the Buyer's Positive Investment Decision

\*\* Subject to FID, approvals and finance

## About Critical Metals Ltd

Critical Metals aims to supply the European energy storage industry with metals from Scandinavia. It aims to do this via urban mining (recovering metals from industrial slag stockpiles) and traditional mining (discovering and extracting metals from the earth) [www.criticalmetals.eu](http://www.criticalmetals.eu).

## About SSAB

SSAB is a Nordic and US-based steel company. SSAB offers value added products and services developed in close cooperation with its customers to create a stronger, lighter and more sustainable world. SSAB has approximately 14,300 employees in over 50 countries. SSAB has production facilities in Sweden, Finland and the US. In Scandinavia specifically, SSAB has slag stockpiles from steel production in Luleå or Oxelösund in Sweden and Raahe in Finland. In 2021, SSAB's net sales totalled SEK 98.2 billion (US\$10.6 billion). SSAB is listed on the Nasdaq Stockholm (Large cap list) and has a secondary listing on the Nasdaq Helsinki.

Authorised on behalf of Neometals by Christopher Reed, Managing Director.

## ENDS

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## About Neometals Ltd

Neometals is an emerging, sustainable battery materials producer. The Company has developed a suite of green battery materials processing technologies that reduce reliance on traditional mining and processing and support circular economic principles.

Neometals' three core battery materials businesses, listed below, are commercialising these proprietary, low-cost, low-carbon process technologies:

- **Lithium-ion Battery ("LIB") Recycling (50% equity)** – to produce nickel, cobalt and lithium from production scrap and end-of-life LIBs in an incorporated JV with leading global plant builder SMS group. The Primobius JV is operating a commercial disposal service at its 10tpd Shredding 'Spoke' in Germany and is the recycling technology partner to Mercedes Benz. Primobius' first 50tpd operation, in partnership with Stelco in Canada is expected to reach investment decision in H2 2023;
- **Vanadium Recovery (50% equity)** – to produce high-purity vanadium pentoxide via processing of steelmaking by-product ("Slag"). Finalising evaluation studies on a 300,000tpa operation in Pori, Finland, underpinned by a 10-year Slag supply agreement with leading Scandinavian steelmaker SSAB. Finnish project investment decision with JV partner, Critical Metals, expected June 2023. MOU with H2Green Steel for up to 4Mt of Slag underpins a potential second operation in Boden, Sweden; and
- **Lithium Chemicals (earning 35% equity)** – to produce battery quality lithium hydroxide from brine and/or hard-rock feedstocks using patented ELi® electrolysis process owned by RAM (70% NMT, 30% Mineral Resources Ltd). Co-funding pilot plant and evaluation studies on a 20,000tpa operation in Estarreja with Portugal's largest chemical producer, Bondalti Chemicals S.A. Decision to form 50:50 JV with Bondalti expected March 2023.