

Vanadium Recovery Project Advances to Formal Finance Appraisal with European Investment Bank

Highlights

- Notice published by European Investment Bank (EIB) confirms that the Vanadium Recovery Project is under appraisal for debt funding; and
- If successful, the EIB could cornerstone and provide a significant proportion of the project development funding on attractive terms.

Emerging sustainable battery materials producer, Neometals Ltd (ASX: NMT & AIM: NMT) (“**Neometals**” or “**the Company**”), is pleased to announce material progress in the finance process that is being run for its joint venture company, Recycling Industries Scandinavia AB (“**RISAB**”) (see *Neometals ASX announcement dated 2nd March 2023 titled “Neometals Now Controlling Shareholder in Vanadium Recovery Project SPV”*). Specifically, RISAB’s ongoing debt financing dialogue with the EIB has successfully passed the proposal for funding consideration stage and has now entered into a formal appraisal stage of diligence by the EIB. RISAB is engaged in discussions with several debt providers and will make a final decision on the debt funding package and participating lenders in due course.

Neometals is a 50% shareholder in RISAB which is evaluating the feasibility of constructing a facility to process and recover high-grade V₂O₅ from vanadium-bearing steel making by-product generated by SSAB EMEA AB and SSAB Europe Oy (collectively “**SSAB**”) in Scandinavia. (“**Vanadium Recovery Project**” or “**VRP1**”). A Final Investment Decision for VRP1 is on schedule for June 2023, subject to successful project financing.

The EIB is the lending arm of European Union and one of the largest providers of climate finance through its focus on climate action and environmental sustainability. Every year, the EIB provides direct loans for a wide range of projects.

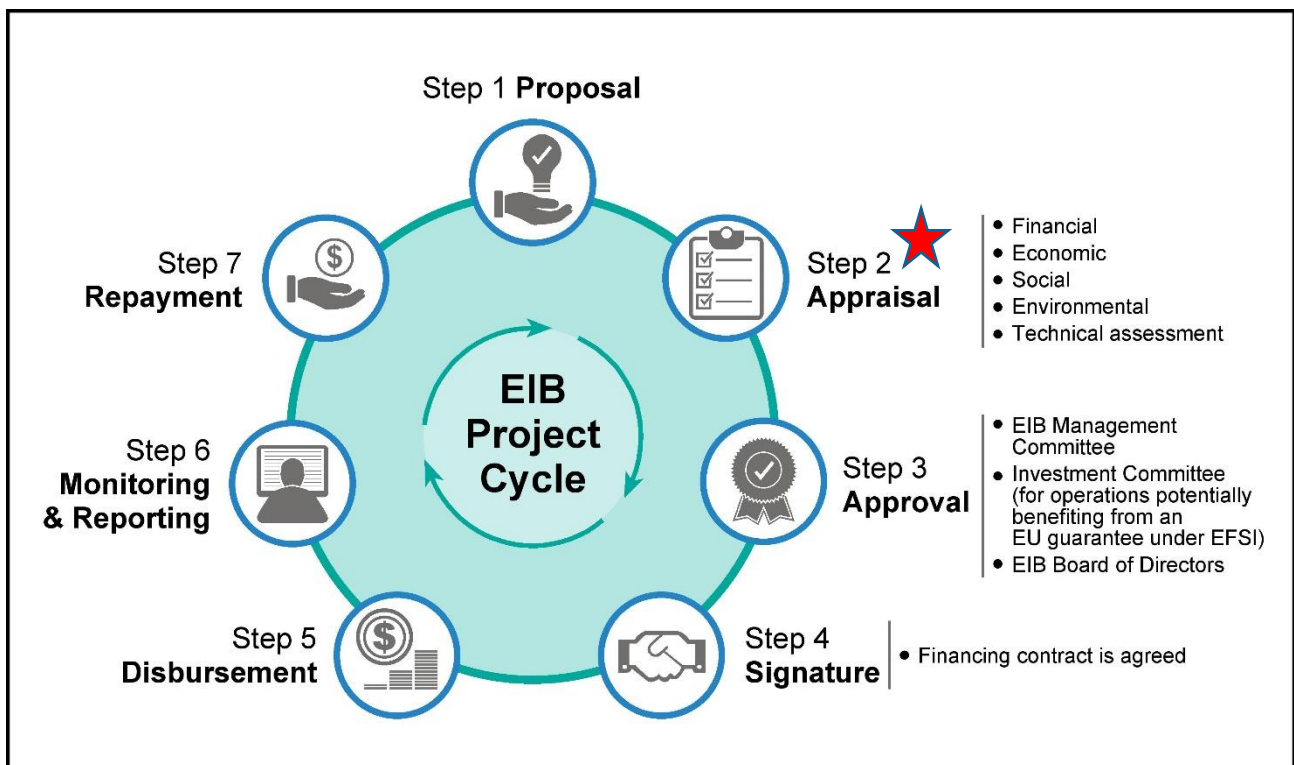
The EIB proposal assessment noted that the VRP1 would be processing steelmaking by-product that is currently stockpiled, while the recycling nature of the project avoided upstream mining costs or associated operating risks. Importantly, The European Commission has identified vanadium as a “Critical Raw Material (CRM)” and the EIB notice published on the subject says “*The project supports a circular economy solution that will reduce the usage of primary resources for vanadium manufacturing.*”

VRP1 has passed a key stage of finance appraisal with the EIB. Remaining in this appraisal stage is the lenders technical assessment (LTA) which has been prepared by independent third-party experts. EIB satisfaction with the LTA represents the last piece of diligence before a binding term-sheet can be offered for debt financing.

Neometals Managing Director Chris Reed said:

“We first submitted our proposal to the EIB in October 2022, its acceptance validates our circular economy ambition to produce critical raw materials in Europe. Typically, cornerstone funding from the EIB for environmentally sustainable opportunities in the battery supply chain is on very attractive terms. There is keen interest from a number of debt providers for the funding of the Vanadium Recovery Project. We watch with interest the imminent release of the EU Critical Raw Materials Act today in Europe, particularly the expected financial support for strategic projects that produce critical raw materials, like vanadium, where the EU is 100% dependent on imports.”

Figure 1 below shows the EIB loan ‘project cycle’.



Current status

Figure 1: EIB loan ‘Project Cycle’

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

ENDS

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Extracting Vanadium from Industrial By-products



INTRODUCTION TO THE FINNISH VANADIUM RECOVERY PROJECT ("VRP1")

PLANT LOCATION AND KEY INFORMATION

-  Location: **Tahkoluoto Port, City of Pori, Finland**
-  Average annual revenue: **~200M USD (post-ramp-up)**
-  Capital cost: **~314M USD**
-  Operating cost: **US\$4.19/lb V₂O₅ (lowest quartile)**
-  Construction timeline: **H2 2023 – H2 2025**
-  Slag secured: **10 years 2m tonnes minimum** (stockpiled plus first right to purchase additional volumes from SSAB's future production)
-  Throughput: up to **300k tonnes p.a.**
-  Annual production: **~9k tonnes V₂O₅**



Selected stakeholders:



For further information refer to ASX release dated 8th March 2023 – Vanadium Recovery Project Delivers Strong Feasibility Results

COMPANY DESCRIPTION AND BACKGROUND

- RISAB ("Company") is established by two green battery materials and technology companies Critical Metals and Neometals.
- The Company will build and operate a plant which will recover vanadium from steel production side stream and process it into high-purity vanadium that is used e.g. in greener steel and energy storage applications (the "Project" or "VRP1")
- Currently the raw material (slag) is secured for 10-year term
- The final investment decision is subject to finance. RISAB has leading Nordic investment banks managing the equity and debt financing process.

Plant visualization



Site location



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 Q3 2023;
- **Vanadium Recovery (50% equity)** – to produce high-purity vanadium pentoxide via processing of steelmaking by-product ("Slag"). Targeting 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 25,000tpa operation in Estarreja with Portugal's largest chemical producer, Bondalti Chemicals S.A.