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Binding term sheet for exclusive licence of proprietary processing technology

Neometals Ltd (ASX: NMT) ("NMT" or "the Company") is pleased to announce that it has entered into a binding term sheet for a global (*) exclusive licence of proprietary technology currently being evaluated for its Barrambie Titanium Project.

A recent Pre-feasibility Study (announced 28 August 2015) confirmed the technical feasibility of the process, and highlighted the potential for a step change in operating costs for titanium dioxide production. The Company through a wholly owned subsidiary, already has a non-exclusive licence to use the technology for its Barrambie Titanium Project (as announced on 4 December 2013).

Since 2012 NMT has tested the process at increasing scale, and completed a continuous, semi-pilot scale as part of its pre-feasibility study program. Through this extensive test work it has become apparent that this patent-pending, 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.

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

Under the arrangements contemplated by the term sheet, NMT will be responsible for managing the commercialisation and development of the technology, and all revenue received from the commercialisation of the technology will be split 25:75 between NMT and the owners of the technology.

NMT is in discussions with a global EPC engineering company with a view to forming a strategic alliance agreement to provide a platform for the commercialisation of the technology, at no up-front cost to NMT. NMT's strategy is to develop and hold a portfolio of royalty interests from sub-licencing the technology in addition to deploying it for the Barrambie Project.

The current non-exclusive licence for Barrambie will be transferred into the new arrangement effectively reducing the technology royalty cost to the project from 5 to 3.75%. NMT will also make a US\$250,000 upfront payment to the technology owners, to be recovered from future royalty payments.



The execution of formal agreements remains subject to a number of conditions, including completion of due diligence satisfactory to NMT, and the restructure of the current ownership of the technology.

NMT will keep the market updated on all material developments.

(*) Worldwide ex-China and Russia.

ENDS

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