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Divestment of non-core Forrestania Nickel Assets & Investment in Hannans Reward Limited

Neometals Ltd (ASX:NMT) ('Neometals' or the 'Company') advises it has executed a binding termsheet with Hannans Reward Limited ("Hannans") under which Neometals will divest its Forrestania nickel assets via the sale of the Company's subsidiary company, Reed Exploration Pty Ltd ("REX"). The transaction is consistent with Neometals' ongoing strategy to divest non-core assets and focus on the development of its lithium and advanced materials business.

As part of the divestment, Neometals has also agreed to a placement of \$250,000 worth of HNR shares at 0.4c per share (approximately 8% of HNR's issued capital). The placement subscription will be eligible for a 1 for 2 free attaching option (exercisable at 0.4c within 2 years).

Under the terms of the transaction for the sale of REX:

1. Hannans will undertake a capital raising of \$1.25 million from its shareholders. In addition to its upfront \$250,000 subscription, Neometals has agreed to underwrite the last \$250,000 of the Hannans' capital raising;
2. Neometals is contributing a maximum of \$1.25 million cash, through the placement, underwriting and the cash assets of REX at completion;
3. Neometals will hold approximately 40% of the issued capital in Hannans at completion, on an undiluted basis;
4. Hannans will divest its Swedish projects via an in specie distribution of the shares in its subsidiary company Scandinavian Resources Pty Ltd ("Scandinavian Resources") to shareholders of which Neometals will receive at least 13.5%;
5. Neometals will assist Scandinavian Resources to realise lithium, cobalt and carbon opportunities in Scandinavia through a technical assistance arrangement; and
6. the Hannans board will be re-constituted to comprise of two existing Hannans directors and one director nominated by Neometals.

Completion of the sale of REX is subject to a number of conditions precedent, including due diligence by both parties, execution of binding substantive agreements, completion of the Hannans capital raising, receipt by Hannans of all necessary shareholder approvals and receipt of any necessary regulatory approvals. Neometals will keep the market informed on the progress of the transaction.



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