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BARRAMBIE PROJECT UPDATE

HIGHLIGHTS

- Titanium and vanadium prices at 5-year highs
    - Prices have rapidly increased since the closure of 89 ore processing companies in China due to environmental compliance
- The high-grade co-product streams of titanium and vanadium gives Barrambie a clear competitive advantage
- Multiple development options being evaluated
- Beneficiation test work successfully completed with significant uplift in titanium
- Samples received in China for evaluation
- Mining approvals received for DSO bulk sample test pit
- Marketing efforts are being accelerated with toll treatment operators as well as Titanium and Vanadium end users

Neometals Ltd (ASX: NMT) ("Neometals") is pleased to provide an update regarding the Company's 100% owned Barrambie Project in Western Australia, with multiple development options currently being evaluated.

Titanium and Vanadium market

Titanium and vanadium prices are currently trading at near 5-year highs (see Figure 1) due to the continued increase and sustained strong demand in energy storage and pigment markets. The pricing surge is attributed to large-scale cuts in Chinese production capacity following shutdowns for environmental compliance, as well as strong interest in vanadium's use in energy storage applications.

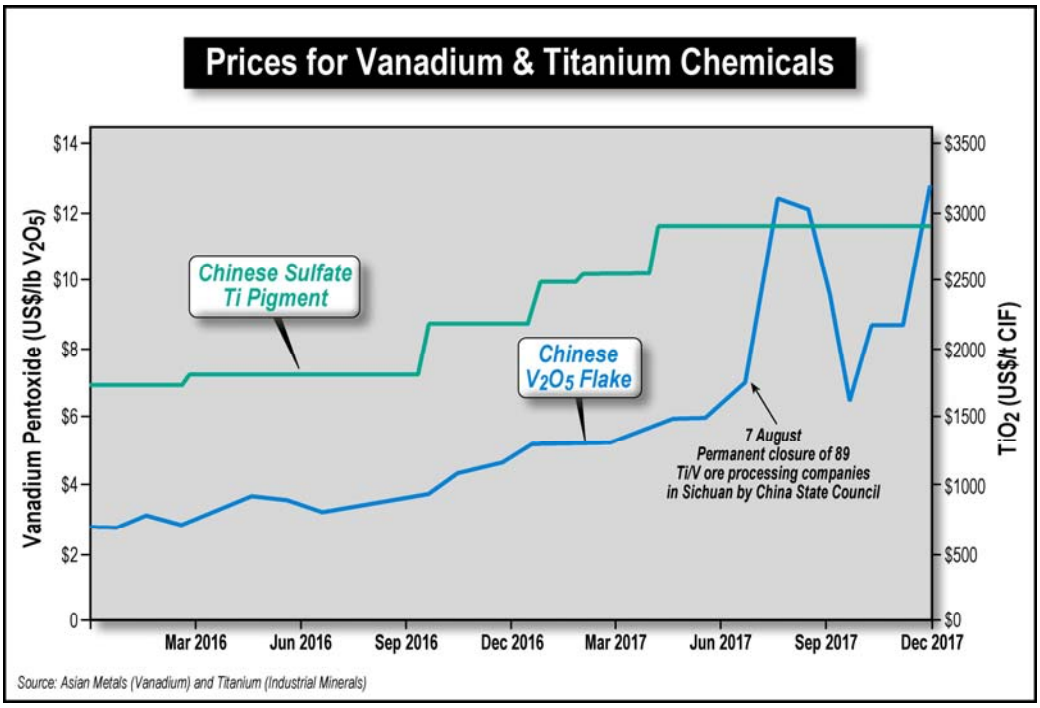

Figure 1: Prices for Vanadium Pentoxide and TiO_2

Development Optionality

The large-scale cuts in Chinese production has put Neometals in a strong position with the Barrambie Project, which is not only one of the worlds highest-grade hard rock titanium deposits, but also hosts significant levels of high-grade vanadium.

Within the current Mineral Resources for the Barrambie Project (**47.2 million tonnes at 22% TiO_2 and 0.63% V_2O_5**), is a higher-grade vanadium resource in the Central Zone grading **0.91% V_2O_5** (see ASX:NMT announcement 6 December 2013 and Appendix A).

Previously reported beneficiation studies have shown this higher-grade zone can be upgraded to concentrate grades of **1.4% V_2O_5** (see ASX:RDR announcement 5 May 2009) while current test work is showing titanium concentrate grades of **+36% TiO_2** (see this announcement).

The high-grade co-product streams of titanium and vanadium gives Barrambie a clear competitive advantage and provides Neometals with significant optionality to project development.

Options for the development of Barrambie currently being evaluated are:

1. Direct Shipping Ore ("DSO") with a titanium focus
2. DSO with a vanadium focus
3. Shipping DSO to China for toll beneficiation/toll smelting to recover Ti and V slag.
4. Production of a titanium hydrolysate semi-finished product, vanadium pentoxide and iron oxide, through the patented Neomet hydrometallurgical process (controlled by NMT).

Beneficiation and Pilot Hydrometallurgical Testwork

During the December Quarter, the Company prepared a bulk sample of concentrate for shipment to and testing at the Company's pilot plant facility in Montreal, Canada.

Beneficiation test work was completed at Nagrom Mineral Processors in Kelmscott, Western Australia and produced approximately 2.7 tonnes of magnetic concentrate for pilot plant testing averaging **36.1% TiO_2** and **0.73% V_2O_5**. Pilot test work is scheduled for the December Quarter 2018.

	Mass kg	Fe %	SiO_2%	Al_2O_3%	TiO_2%	V_2O_5%
Head feed	4,489	30	13.6	9.39	**28.2**	**0.66**
Simple Flowsheet Beneficiated Product	2,705	34.7	6.3	4.02	**36.1**	**0.73**
Recoveries	60%	70%	28%	26%	77%	66%

Table 1: Beneficiation Testwork results (See Appendix A for further details)

Evaluation of Direct Shipping Ore (DSO) and Mining Proposal

The Company is pleased to announce it has received applicable mining regulatory approvals for the mining of a circa 50,000 tonne bulk sample focused on the higher-grade titanium zones of the Eastern band of the Barrambie deposit and is currently awaiting a final approval for road transport of the material.

Grade control drilling has been completed and assays are currently pending. Comprehensive cost modelling for the DSO operations has also been undertaken in conjunction with Adaman Resources Pty Ltd and other service providers.

A representative sample (diamond core) of Barrambie DSO from the planned starter pits has been received by a Chinese titanium processor and customer performance tests are to be completed on this sample.

Product marketing and promotion efforts have been stepped up with the recent appointment of former Iluka and Talison Executive, Paul Wallwork, as General Manager of Marketing and Product Development. Together with Eileen Hao, the Company's General Manager in China, discussions with toll treatment operators as well as Titanium and Vanadium end users are being progressed. The beneficiation work completed to date will greatly assist these commercial discussions with potential customers.

Neometals Managing Director Chris Reed stated: "With the titanium and vanadium prices at near five-year highs and the recent additions to the executive team we are accelerating technical and commercial activities for Barrambie. With the natural advantages of the Barrambie resource we are confident of finding the best development option".

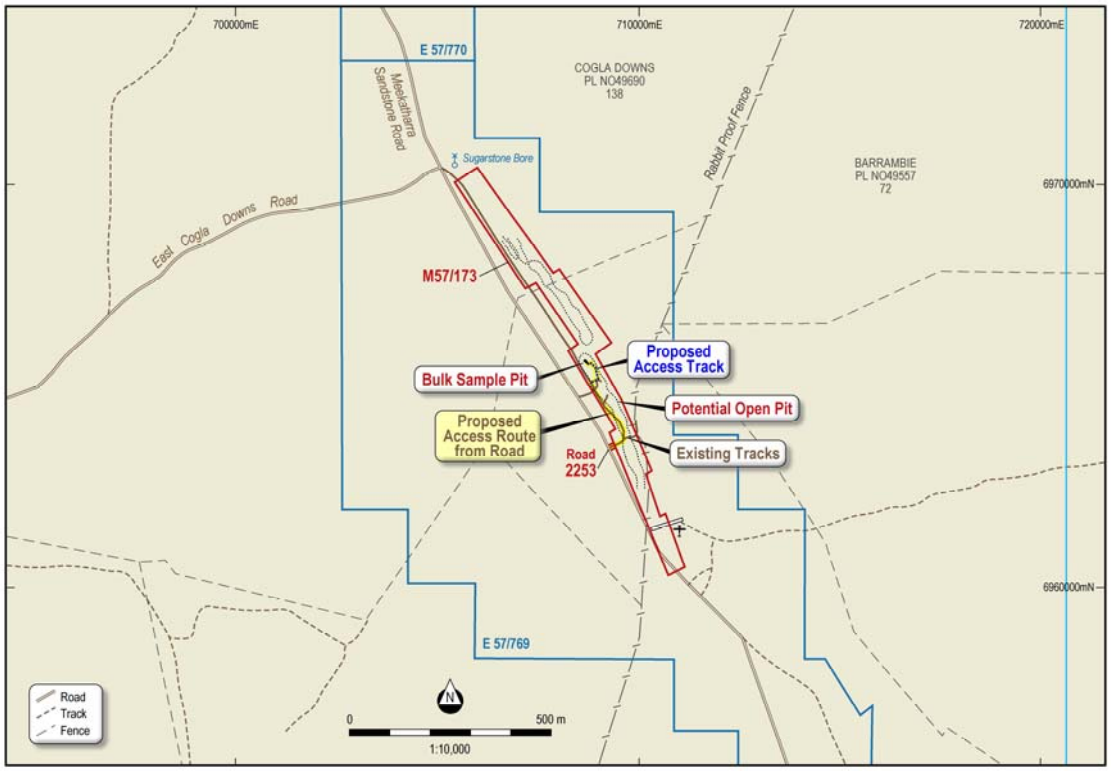

Figure 2: Barrambie Project Plan

ENDS

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COMPETENT PERSONS STATEMENT

Metallurgy

The information in this report that relates to metallurgical test work results is based on information compiled and / or reviewed by D Michael Spratt who is a Fellow of The Australasian Institute of Mining and Metallurgy.

D Michael Spratt is a consultant to the Company and has sufficient experience relevant to the activity which he is undertaking to be recognised as competent to compile and report such information. D Michael Spratt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this market announcement is extracted from the reports entitled Barrambie Resource Estimate December 2013, Barrambie Prefeasibility Study August 2015, and Barrambie Vanadium project: Definitive Feasibility Study Competed announced 6 December 2013, 25 August 2015 and 5 May 2009.

Neometals Limited confirms it is not aware of any new information or data that materially affects the information in the original market announcements relating to Barrambie mineral resources, ore reserves and feasibility studies, that all material assumptions and technical parameters underpinning the Barrambie mineral resource estimate continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

APPENDIX A: SUPPORTING INFORMATION

Figure 3: Barrambie Titanium-Vanadium Project – location plan

JORC Mineral Resources

Barrambie Titanium Project has Mineral Resources of 47.2 million tonnes at 22% TiO2 (total Indicated and Inferred) (announcement ASX:RDR 6 December 2013).

Category JORC 2012	Tonnage (Mt)	TiO_2 (%)	V_2O_5 (%)	Fe_2O_3 (%)	Al_2O_3 (%)	SiO_2 (%)
Indicated	34.7	22.25	0.64	46.77	9.48	14.95
Inferred	12.5	21.99	0.58	46.51	9.32	15.40
Total	**47.2**	**22.18**	**0.63**	**46.70**	**9.44**	**15.07**

Table 2: Barrambie Titanium Project – Mineral Resources (above 15% TiO_2 block cut off)

Summary of Mineral Resources on a zone and category basis is provided in Table 3 below. Of note is the distribution of relatively higher-grade vanadium mineralisation within the Central Zone and relatively higher-grade titanium mineralisation within the Eastern Zone.

Classification	Zone	Oxidation	MTonnes	Density (t/m³)	TiO_2 (%)	V_2O_5 (%)	Fe_2O_3 (%)	Al_2O_3 (%)	SiO_2 (%)
	Eastern	Oxide	18.7	2.82	23.29	0.59	42.93	10.70	16.36
		Transition	8.7	3.52	23.11	0.61	50.80	7.34	12.99
		Fresh	2.4	3.85	21.77	0.56	52.90	5.99	12.84
		Sub-total	*29.8*	*3.10*	*23.11*	*0.60*	*46.02*	*9.35*	*15.10*
Indicated	Central	Oxide	3.5	2.95	16.84	0.92	49.82	11.06	14.91
		Transition	1.3	3.50	17.39	0.89	54.76	8.49	12.15
		Fresh	0.1	4.04	15.59	0.88	59.93	7.22	10.96
		Sub-total	*4.9*	*3.12*	*16.95*	*0.91*	*51.40*	*10.28*	*14.08*
		Total	**34.7**	**3.11**	**22.25**	**0.64**	**46.77**	**9.48**	**14.95**
	Eastern	Oxide	2.6	2.71	20.88	0.48	40.00	12.20	19.42
		Transition	3.3	3.29	23.04	0.59	47.51	8.62	14.45
		Fresh	5.5	3.71	22.82	0.57	47.50	8.39	14.57
		Sub-total	*11.4*	*3.36*	*22.44*	*0.55*	*45.78*	*9.33*	*15.65*
Inferred	Central	Oxide	0.1	3.07	16.64	0.98	53.63	9.96	13.33
		Transition	0.4	3.47	18.36	0.86	54.15	8.79	12.43
		Fresh	0.7	3.86	17.30	0.91	53.48	9.44	13.17
		Sub-total	*1.2*	*3.64*	*17.55*	*0.90*	*53.71*	*9.30*	*12.96*
		Total	**12.5**	**3.38**	**21.99**	**0.58**	**46.51**	**9.32**	**15.40**
		Grand Total	**47.2**	**3.18**	**22.18**	**0.63**	**46.70**	**9.44**	**15.07**

Table 3: Zonation within the Barrambie Titanium Project – Mineral Resources (above 15% TiO_2 block cut off) (announcement ASX:RDR 6 December 2013).

Geology

The ferrovanadium titanium (Ti-V-Fe) deposit occurs within the Archaean Barrambie Greenstone Belt, a narrow, NNW-SSE trending greenstone belt in the northern Yilgarn Craton. The linear greenstone belt is about 60 km long and attains a maximum width of about 4 km. The Barrambie Sill extends over a distance of at least 25 km approximately half of which is covered by Neometal's tenements where is varies in width from 500 m to 1700 m.

The sill is comprised of anorthositic magnetite-bearing gabbros that intrude a sequence of metasediments, banded iron formation, metabasalts and metamorphosed felsic volcanics of the Barrambie Greenstone Belt. The metasediment unit forms the hanging-wall to the layered sill complex.

Ti-V-Fe mineralisation occurs as bands of cumulate aggregations of vanadiferous magnetite (martite)-ilmenite (leucoxene) in massive and disseminated layers and lenses. Titanium rich horizons tend to be focussed in the relatively wider band on the eastern margin of the Sill.

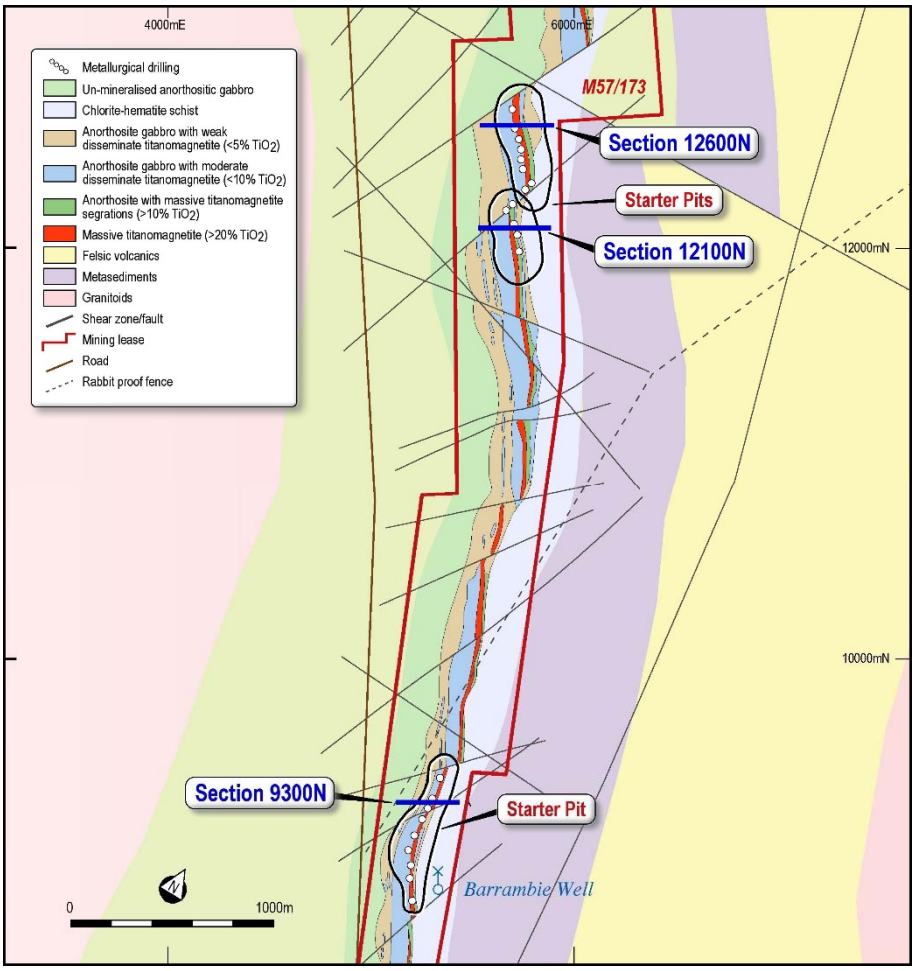

Figure 4: Barrambie Geology, location of starter pits and recent metallurgical drill holes.

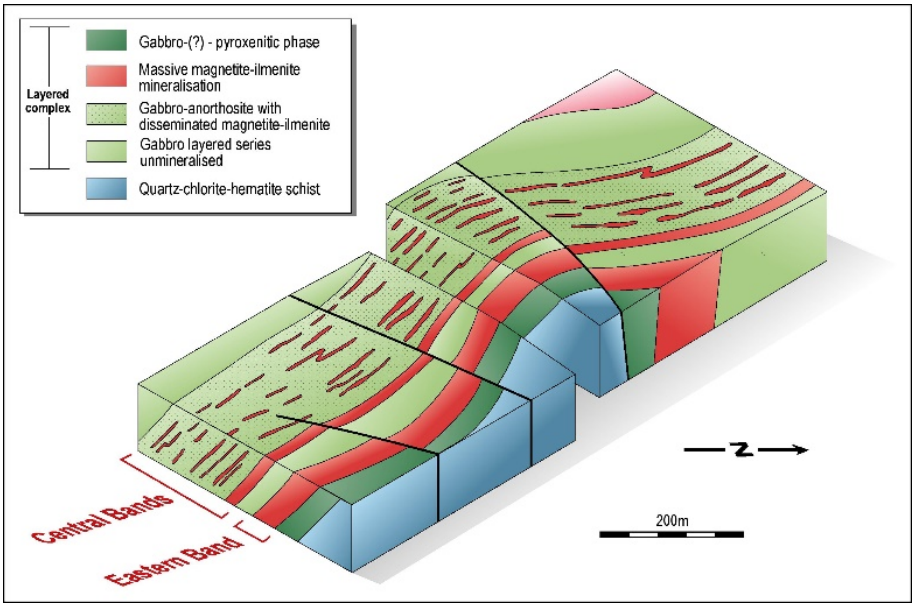

Figure 5: Barrambie deposit geology

Beneficiation Testwork

The magnetic concentrate produced by Nagrom was derived from the processing of 4,489 kilograms of diamond core from three different high-grade starter pits, testing three different depth oxide profiles for each pit. The methodology used included crushing and grinding individual samples of drill core to 80% passing 150 microns, a single pass treatment through Low Intensity Magnetic Separation (LIMS) at field strength of 1200 Gauss, followed by a single pass through Wet High Gradient Magnetic Separation (WHGMS500) at filed strength of 10,000 Gauss.

Head Feed

SAMPLE	Mass	Fe	SiO_2	Al_2O_3	TiO_2	V_2O_5
	kg	%	%	%	%	%
Pit 2: 1	457	28.3	12.8	9.39	30.2	0.6
Pit 2: 2	530	30.0	13.3	8.58	28.3	0.64
Pit 2: 3	531	31.6	12.2	7.98	29.2	0.67
Pit 2: 4	567	32.8	12.0	7.00	28.9	0.65
Pit 8: 1	227	29.9	13.9	10.00	27.5	0.71
Pit 8: 2	258	29.5	12.8	10.52	28.9	0.73
Pit 8: 3	252	30.2	10.9	8.34	32	0.73
Pit 8: 4	237	31.8	11.6	9.04	29.5	0.75
Pit 9: 1	357	28.5	15.6	10.48	27.3	0.64
Pit 9: 2	366	30.2	12.4	10.12	28.8	0.7
Pit 9: 3	362	28.4	15.9	11.1	26	0.67
Pit 9: 4	345	26.8	20.1	12.83	21.4	0.55
Total	**4,489**	**30.0**	**13.6**	**9.39**	**28.2**	**0.66**

Simple Flowsheet Beneficiated Product

SAMPLE	Mass	Fe	SiO_2	Al_2O_3	TiO_2	V_2O_5
	kg	%	%	%	%	%
Pit 2: 1	260	33.3	5.5	3.72	38.7	0.73
Pit 2: 2	336	35.3	5.0	3.01	37.7	0.75
Pit 2: 3	323	34.6	5.8	3.55	37.4	0.72
Pit 2: 4	349	33.9	8.2	4.59	34.6	0.64
Pit 8: 1	151	34.5	7.8	5.15	33.7	0.75
Pit 8: 2	172	35.3	5.4	4.41	36.1	0.79
Pit 8: 3	148	34	5.5	3.91	38.1	0.78
Pit 8: 4	166	37.5	4.5	3.16	36.5	0.79
Pit 9: 1	234	33.1	9.0	5.5	33.9	0.71
Pit 9: 2	220	36.5	4.0	3.11	37.4	0.77
Pit 9: 3	232	35.2	6.3	3.8	35.5	0.77
Pit 9: 4	114	34.4	10.4	5.72	29.9	0.61
Total	**2,705**	**34.7**	**6.3**	**4.02**	**36.1**	**0.73**

Recoveries

SAMPLE	Mass Recovery	Fe	SiO_2	Al_2O_3	TiO_2	V_2O_5
	%	%	%	%	%	%
Pit 2: 1	57	67	25	23	73	69
Pit 2: 2	63	75	24	22	84	74
Pit 2: 3	61	67	29	27	78	65
Pit 2: 4	62	64	42	40	74	61
Pit 8: 1	67	77	37	34	81	70
Pit 8: 2	67	80	28	28	83	72
Pit 8: 3	59	66	30	28	70	63
Pit 8: 4	70	83	27	24	87	73
Pit 9: 1	66	76	38	34	81	73
Pit 9: 2	60	73	19	18	78	66
Pit 9: 3	64	79	25	22	88	74
Pit 9: 4	33	42	17	15	46	36
Total	60	70	28	26	77	66

Table 4: **Full Suite of Beneficiation Test Results**