

QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2018

Highlights

INTEGRATED LITHIUM BUSINESS UNIT

- Strong operational performance at Mt Marion mine – 109kt of concentrate produced (~ 65% of 6% Li₂O and 35% of 4% Li₂O) with shipments totalling ~95kt (13% increase QoQ). Flotation circuit expansion progressing;
- Neometals Lithium Hydroxide production process validated by vendor test results from run-of-mine spodumene concentrates. High-purity battery quality lithium hydroxide chemical produced;
- German engineers M&W Group engaged to complete Front-End Engineering Design Study for the production of Lithium Hydroxide at a new Lithium Refinery - results will be integrated into a Feasibility Study;
- Option agreement executed with City of Kalgoorlie-Boulder for sub-lease of 40-hectare site for the proposed Kalgoorlie Lithium Refinery;
- Azure Capital engaged to advise on the financing of the Lithium Hydroxide Refinery;
- Completion of Mt Edwards lithium project acquisition (transaction also included nickel rights); and
- Mt Edwards lithium project interim and updated JORC 2012 nickel resource delineated (7.4Mt at 1.7% nickel for 123,340t of contained nickel).

TITANIUM / VANADIUM AND TECHNOLOGY BUSINESS UNIT

- Preliminary test work in China on core from Barrambie confirms the production of high grade concentrates at excellent recoveries and the conversion to high purity titanium and vanadium slags from traditional process flowsheet;
- Barrambie bulk samples shipped to China for pilot scale metallurgical test-work. Successful completion will determine the value-in-use of Barrambie ores and process flowsheet required to enable development of a Direct Shipping Operation ("DSO"); and
- Primero Group engaged to project manage completion of construction, commissioning and operation of the Battery recycling pilot plant to overcome delays. Plant is nearing completion at expanded scale.

CORPORATE

- Mt Marion JV shareholder loans repaid with \$4m balance from original \$8m Neometals loan settled post quarter end;
- Payment of 1 cps unfranked dividend; and
- New senior management appointments strengthen the two Neometals business units.

INTEGRATED LITHIUM BUSINESS UNIT

Figure 1 - Neometals Horizons of Growth

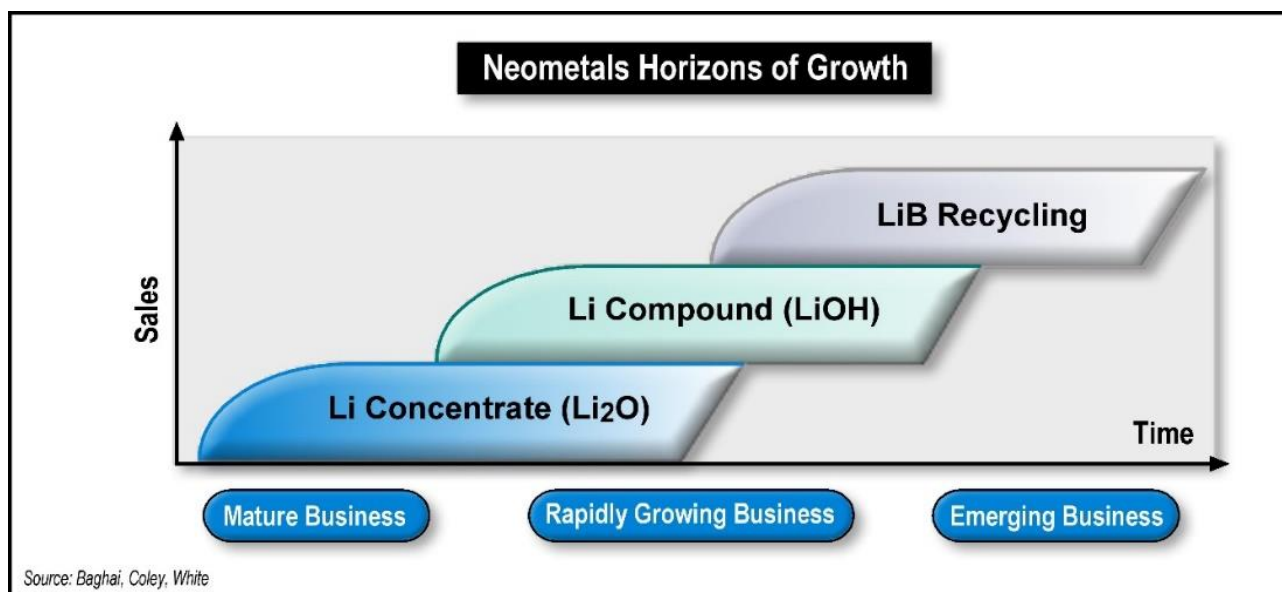
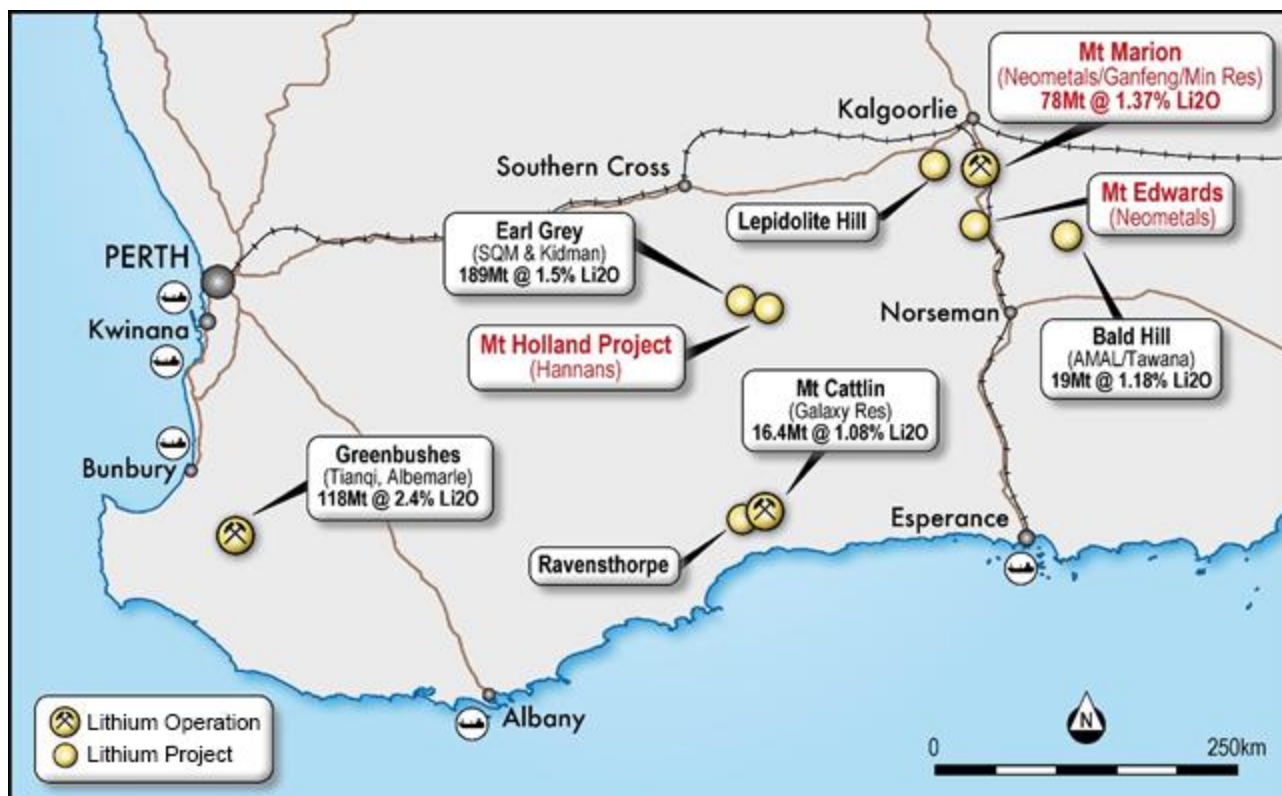


Figure 2 - Western Australian Lithium Operations Map



Mt Marion Lithium Operation

Neometals Ltd 13.8%, Mineral Resources Limited 43.1% ("MRL"), Ganfeng Lithium Co., Ltd 43.1% ("GFL") through Reed Industrial Minerals Pty Ltd ("RIM")

Image 1 - Aerial View of the Mt Marion Lithium Operation Processing and Tailings Storage Facilities



Production at the Mt Marion Lithium Operation ("Mt Marion") was stable during the quarter, achieving:

- 799K wet metric tonnes (**wmt**) ore mined;
- 109K wmt produced; and
- 95K wmt shipped

Mining continued in both C1 and N6 pits with another record total movement of 7.4 million wet tonnes being achieved during the quarter. The mining movements have provided consistent access to the ore body for processing.

The processing plant availability improved against the previous quarter increasing from 85% to 91% while beneficiation plant throughput increasing from 573,222wmt to 627,777wmt.

Spodumene concentrate production also improved against quarter three with a total production of 109,183wmt with the proportion of high grade (6%) spodumene concentrate increasing to 65%.

Shipments of lithium concentrates to Ganfeng during the quarter totalled 95,133 tonnes (an increase of 13% QoQ) comprising 26,090 tonnes in April, 27,080 tonnes in May and 41,963 tonnes in June.

During the quarter RIM shipped concentrates to Ganfeng at pricing linked to international lithium carbonate and hydroxide prices under an agreed formula. The SC6 (6% Li₂O) price for the June quarter was US\$960/t CIF China.

Construction of the upgrade to the concentrator circuits to facilitate production of 6% Li₂O only concentrate is in progress and on track for completion in quarter two FY19.

Kalgoorlie Lithium Refinery (Neometals 100% through Neomaterials Pty Ltd)

During the quarter Neometals made substantial advances towards its goal of becoming an integrated lithium chemical producer. These included:

- Neometals subsidiary, Neomaterials Pty Ltd, executed an option agreement for the sub-lease of a 40Ha industrial site 5km from Kalgoorlie (adjacent to critical infrastructure) and entered a Memorandum of Understanding (“**MOU**”) with City of Kalgoorlie-Boulder (“**CKB**”); and
- Front-End Engineering and Design (“**FEED**”) Study commencement by M+W Group (“**M+W**”) for the Neometals Kalgoorlie Lithium Refinery (“**KLR**”).

The KLR is expected to increase the value of the spodumene concentrate that would be purchased under the Company’s Mt Marion Spodumene Concentrate Offtake Option (“**Offtake Option**”). When exercised, the Offtake Option will provide source spodumene concentrate for conversion into battery grade lithium hydroxide and lithium carbonate for supply to Lithium Ion Battery (“**LIB**”) cathode and cell makers. The KLR is being designed to have 10,000tpa lithium carbonate equivalent (“**LCE**”) production capacity from mid-2021, subject to the Board making a final project investment decision (“**FID**”) in mid-2019.

Table 1 - KLR Indicative Key Dates and Schedule

Vendor Test-work/Updated Cost Study	March 2018	<i>Completed</i>
FEED Study	May 2018	<i>In progress</i>
Finalise plant location	May 2018	<i>Completed</i>
FEED Study Results	March Q 2019	
Feasibility Study Results and Investment Decision	June Q 2019	
Start Commissioning (subject to Investment Decision)	Mid 2021	

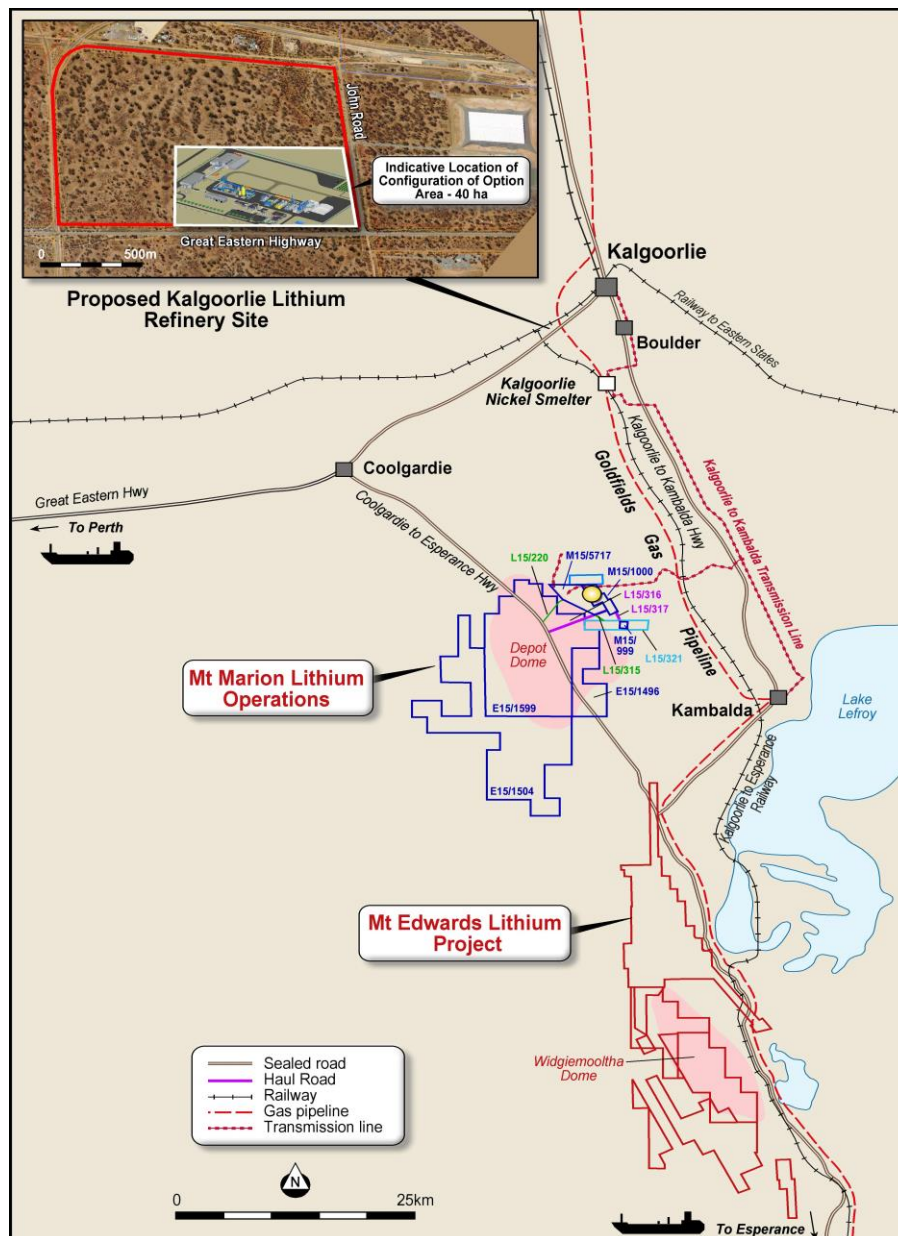
M+W was appointed during the quarter to deliver the FEED Study for the Company’s KLR by the end of CY 2018. The FEED Study will establish project capital and operating costs to an accuracy of +/- 15%, sufficient accuracy from which to determine project feasibility. The Feasibility Study report will integrate the FEED Study results with commercial studies so the Company can make a project investment decision.

The FEED Study is based on the successful process flowsheet testing report delivered by Veolia Water Technologies’ HPD division in March 2018. The Veolia program produced a 99.99% pure battery grade lithium hydroxide material from Mt Marion run of mine spodumene concentrates (6% Li₂O) and demonstrated that the proposed KLR refining process is technically fit for purpose. These results validate the suitability of a conventional direct-conversion sulphate process and the data has been used to develop material balances for each unit operation and the process design criteria in the FEED Study. Leading Chinese lithium chemical producer Ganfeng Lithium uses a technically-similar direct sulphate conversion process and has been producing battery grade lithium hydroxide from Mt Marion concentrates for more than a year.

Neometals undertook site selection studies over the past 3 years and concluded that the Kalgoorlie area offers the best logistic and cost solution for conversion of bulk spodumene concentrates. The Company has executed an option agreement with the City of Kalgoorlie-Boulder (“**CKB**”) over a sub-lease for a 40-hectare site near the township. The site is only 70km by major highway from Mt Marion, sits near the Kalgoorlie rail terminal and has adjacent reticulated power and gas supply. Reducing the concentrate transport distance reduces the environmental footprint and operating cost to improve the competitive position of the operation against conversion plants in China.

The agreement provides Neometals with a two-year option over the site (with provision for an additional two-year extension). During this time Neometals will complete Feasibility and FEED studies and secure a low cost reclaimed industrial water supply. The MOU also provides the Company with assistance from CKB in procurement of certain infrastructure and utilities for the KLR. Site studies and permit application drafting is in progress.

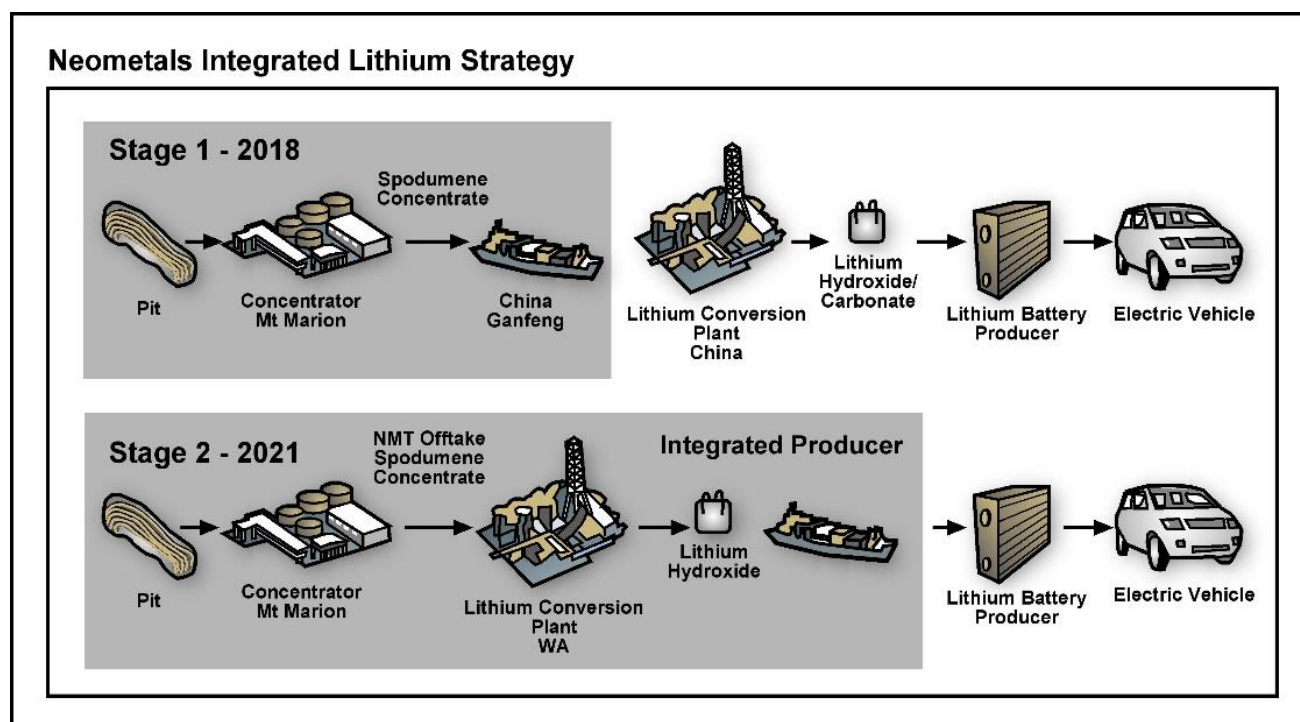
Figure 3 – Proposed KLR Site Location



Approximately seven tonnes of spodumene concentrate is required to produce one tonne of lithium hydroxide, so raw material transport will represent a significant proportion of refinery operating costs. Reducing haulage of bulk concentrates, reagents and residues is therefore critical to project economics and minimisation will contribute to a reduced environmental footprint for the operation. Strategically, Australia remains as one of the most secure free-market jurisdictions in which to develop downstream lithium production. Chinese spodumene converters and South American brine-based lithium producers have chosen Australia as the location to diversify their production base through the construction of several widely publicised spodumene conversion plants in Western Australia.

Subsequent to the end of the quarter, Azure Capital was engaged to advise on the financing of the Lithium Hydroxide Refinery. This shall include conducting a formal offtake and partner selection process.

Figure 4 – Neometals Integrated Lithium Strategy

**Mt Edwards Lithium Project**

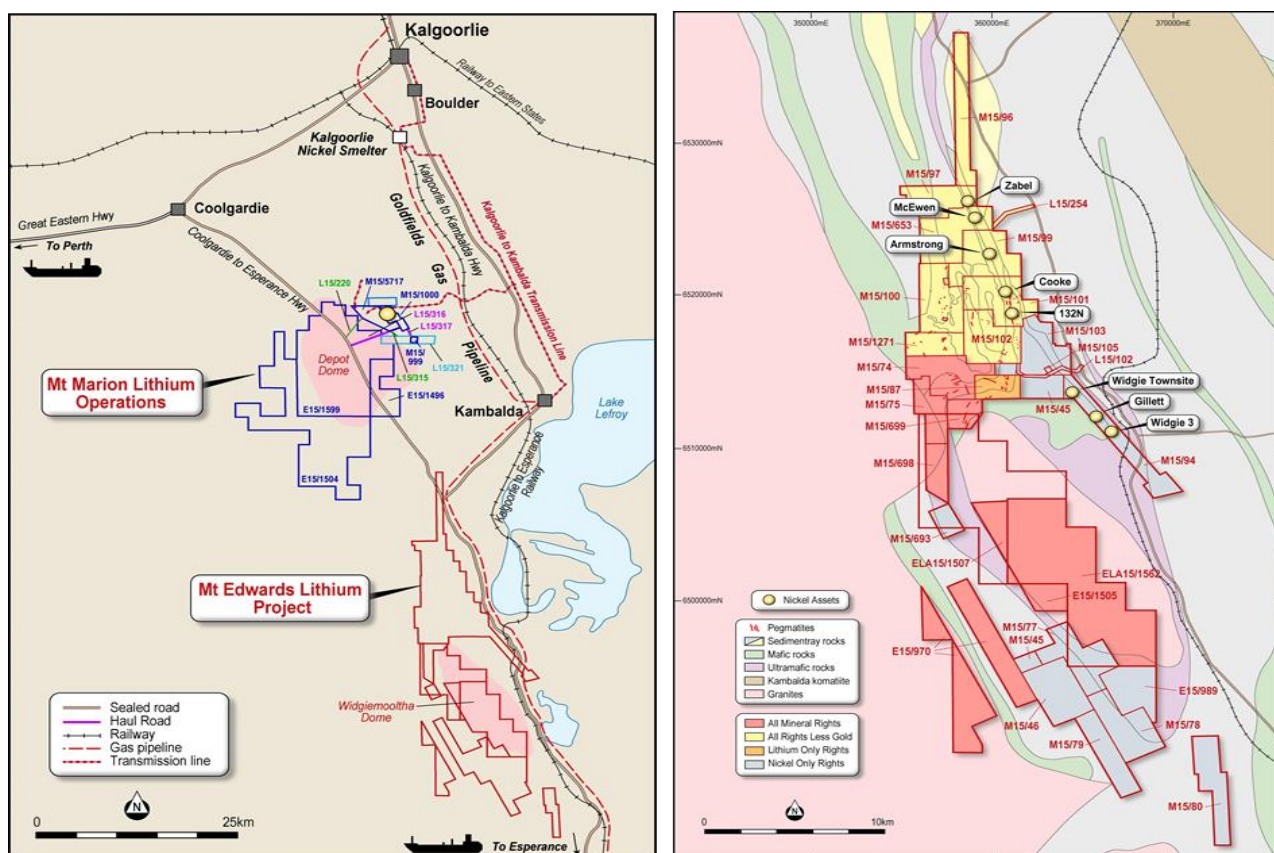
(Neometals 100% through Mt Edwards Lithium Pty Ltd)

During the March quarter Neometals executed binding agreements to acquire 100% of the lithium rights of the Mt Edwards Lithium Project ("**Mt Edwards**") for cash consideration of \$2.5M, additional contingent payments upon satisfaction of certain milestones and a royalty (see ASX announcement date 15th March 2018). The acquisition is now complete and the Company has secured the underlying tenure to all the tenements comprising Mt Edwards (other than M15/87), together with some neighbouring tenements and the nickel rights on an adjoining nickel rights package.

Mt Edwards is located 40km south of Mt Marion and is situated centrally within what is emerging as a highly endowed and globally significant lithium province. The tenements cover an area of 240 square kilometres and historical exploration confirms that multiple fertile Lithium-Caesium-Tantalum ("**LCT**") pegmatites are present.

The Company intends to conduct exploration aimed at defining lithium resources that can provide additional feedstocks at the KLR. During the Quarter the Company engaged CSA Global to review the extensive historical data sets and produce a prospectivity and targeting study. A small drill program commenced in the last week of the period and results are pending.

Figure 5 – Project Location and Tenure Map



During the period Neometals announced a maiden JORC nickel mineral resource estimate at Mt Edwards. While the Company has acquired Mt Edwards for its lithium prospectivity, the associated nickel rights package contains valuable nickel resources. Neometals was able to evaluate and upgrade the historical nickel Mineral Resource to comply with JORC Code 2012 standards using the historical resource data (refer to ASX announcement dated 19th April 2018).

Following the initial Mt Edwards nickel resource estimate announced in April (3.05 million tonnes at 1.6% Ni for 48,200t of contained nickel), Neometals updated the estimate when the assignment of nickel rights was completed over four additional deposits. The Mt Edwards, Widgie Townsite, Widgie 3 and Gillett deposits were added to the portfolio as part of the acquisition of nickel rights previously held by Apollo Phoenix Resources Pty Ltd (see ASX announcement dated 25th June 2018). The revised nickel Resource Estimate saw an approximate 155% increase in contained nickel with 7.4 million tonnes at 1.7% nickel for 123,340 tonnes contained.

Nickel is an essential component of batteries for the electric vehicle (EV) and static/grid power storage markets.

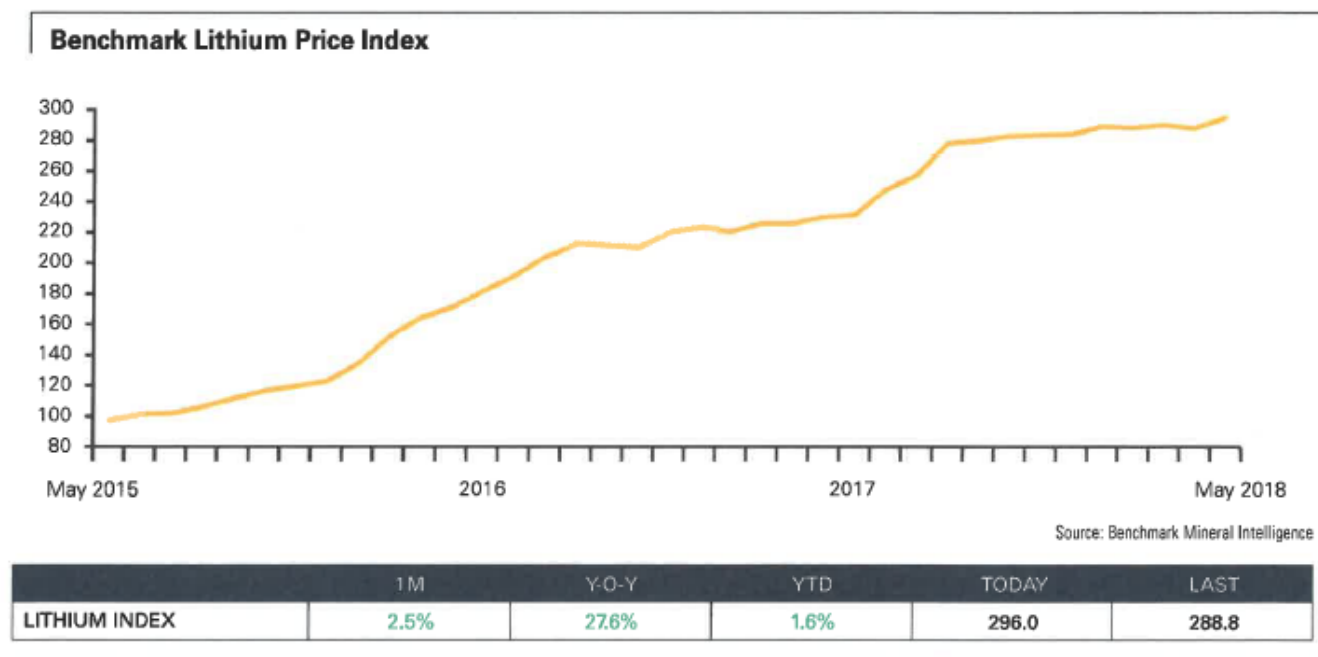
Lithium Market Commentary

Market Analysis

Lithium contract prices have remained historically high during the quarter, despite new supply entering the market, proposals to significantly expand Chinese lithium chemical conversion capacity and some evidence of lower Chinese spot prices. China import prices and domestic prices appear to be converging, still at levels well above historic prices.

Lithium carbonate market prices, based on year to date China import statistics until April 2018, averaged US\$13,657/t cif (Source: GTIS). The BMI Lithium Carbonate price for May 2018 was US\$17,088/t cif, representing a price increase of 0.44% month on month. Its Spodumene Concentrate price for the same period was US\$870/t cif. The BMI Lithium Price Index rose to its highest level since reporting commenced in May 2015 and was 27.6% higher YoY and 1.6% higher YTD.

Figure 6 - BMI Lithium Price Index tracks the price performance of all lithium chemical grades (lithium carbonate, hydroxide and concentrate) against a base of 100 and reflects weighted average prices.



Supply of lithium compounds to China from import and domestic sources has increased in CY 2018, with prices easing in China in response. **Supply to lithium consumers outside China however is reported to be tight. Prices to users outside China have increased in response.**

Supply of spodumene concentrates remains balanced with only minor additions to new supply capacity. New concentrate capacity is expected to start to reach Chinese converters after commissioning of new concentrators is completed later in 2018 and production ramp-up phase commences (*Source: Benchmark Mineral Intelligence*)

China is a major importer of global lithium compounds and the main importer of raw materials (mainly spodumene concentrates). Most global production of spodumene concentrate is delivered to lithium chemical converters in China (for refining into lithium compounds). A combination of Chinese demand growth, product quality issues and financial incentives to use the lithium compounds produced from spodumene concentrate in China domestically, result in **negligible exports of lithium carbonate from Chinese converters**. Only 904t of lithium carbonate was recorded as having been exported from China between January and March 2018 against China's 2017 annual production of 119,000t LCE and 2017 global demand at 225,000t LCE.

China's lithium carbonate imports for the same period totalled 7,721t and were dominated by brine sourced product from Chile and Argentina. Imports of lithium carbonate by China exceeded the imports to Korea and to Japan for the same period (*Source: GTIS*).

Strong imports, internal consumption and weak exports drives market conditions inside China (i.e. current strong supply and easing prices). China domestic conditions can differ to those outside China (i.e. current tight supply and stable prices). The Neometals business plan involves future lithium concentrate offtake from Mt Marion feeding a lithium hydroxide refinery that is likely to mainly supply consumers in markets outside China.

Benchmark Mineral Intelligence also noted that there is a substantial nameplate target production capacity proposed for construction in China. However, very few of the companies that are proposing to build capacity have ever commercially produced lithium compounds and only the top 2 producers by capacity in China have operated above 50% of nameplate capacity. **Consequently, there is some uncertainty regarding how much forecast capacity will convert to actual production.**

Benchmark Mineral Intelligence concludes that a fraction of the proposed conversion plants will be ready in time to process the new concentrate supplies in the next 12 months and a smaller proportion of those will be able to produce to the specifications required by cathode producers. Production capacity outside China will be increased from late 2018 with expansion of capacity in Chile by SQM and Albemarle and the commissioning of the first lithium hydroxide plant in Kwinana, WA by Tianqi Lithium. The increased supply is likely to re-balance the lithium market and facilitate a return to more normal inventories while the strong battery sector demand growth continues.

Lithium Industry Background

There are three key lithium chemical grade categories by end-use, being:

1. Lithium feedstock (concentrate);
2. Lithium carbonate (compounds); and
3. Lithium hydroxide (compounds).

Given the variety of lithium compounds, industry tends to convert lithium product content in terms of lithium carbonate equivalent (LCE).

TITANIUM/ VANADIUM AND TECHNOLOGY BUSINESS UNIT

Barrambie Titanium/Vanadium Project (Neometals 100% through Australian Titanium Pty Ltd)

The Barrambie Titanium and Vanadium Project in Western Australia (“**Barrambie**”) is one of the world’s highest-grade titanium deposits and hosts significant levels of high grade vanadium. Neometals is undertaking a dual track evaluation of development alternatives for Barrambie with a staged development approach afforded by distinct high-grade zones and co-product streams. Neometals is investigating direct shipping ore (“**DSO**”) being toll beneficiated and smelted in China as a phase 1 operation with a parallel phase 2 development utilising on-site processing options.

During the quarter, Neometals updated the Barrambie Mineral Resource Estimate (*see ASX announcement dated 17th April 2018*) which now contains a Total Indicated and Inferred Mineral Resource Estimate¹ of 280.1 million tonnes² at 9.18% TiO₂ and 0.44% V₂O₅ to 80m vertical depth. Contained Titanium Dioxide (TiO₂) in the total mineral resource estimate exceeds 25 million tonnes whilst contained Vanadium Pentoxide (V₂O₅) in the total mineral resource estimate exceeds 1.2 million tonnes. Within the total resource is a high-grade Titanium subset of the total mineral resource estimate of 53.6 million tonnes³ at 21.17% TiO₂ and 0.63% V₂O₅ and a high-Grade Vanadium subset of Total Mineral Resource estimate of 64.9 million tonnes⁴ at 0.82% V₂O₅ and 16.90% TiO₂.

In addition, the total Barrambie Exploration Target¹ is estimated to be 470 to 700Mt, grading at 6 to 10% TiO₂ and 0.3 to 0.5% V₂O₅.

The updated estimate is a result of an additional 20 diamond drill holes (“**DDH**”) and 21 reverse circulation (RC) drill holes drilled into the deposit this financial year. The key take-away for Neometals is the project’s significance in terms of size (resources and exploration target) and grade/s (including a discrete high-grade titanium component) coupled with strong optionality in terms of timing, scale and commodity focus for optimal development.

Image 2 – Dozer pushing up Bulk Sample at Barrambie



During the quarter, Neometals despatched a 40-tonne bulk sample from the Eastern band of Barrambie following successful sighter test work on cores from the aforementioned drill program. The Eastern band is the main feed source for potential phase 1 DSO operations. The sighter beneficiation and pyrometallurgical test-work, to confirm the traditional flowsheet suitability to produce titanium, vanadium and iron products was awarded to The Institute of Multipurpose Utilisation of Mineral Resources Academy of Geological Sciences (“**IMUMR**”). IMUMR is based in Chengdu,

¹ See ASX Announcement titled “Updated Barrambie Mineral Resource Estimate” dated 17th April 2018

² Based on Cut-off grades of $\geq 10\%$ TiO₂ or $\geq 0.2\%$ V₂O₅

³ The high-grade titanium and vanadium figures are a sub-set of the total Mineral Resource. These figures are not additive and are reporting the same block model volume but using different cut-off grades.

⁴ The high-grade titanium and vanadium figures are a sub-set of the total Mineral Resource. These figures are not additive and are reporting the same block model volume but using different cut-off grades.

is rated as one of the top metallurgical institutes in China and has extensive experience in the mineral processing and smelting of Vanadium Titano-Magnetite (“VTM”) deposits including extensive work on the Panzhihua and Chengde VTM deposits in China.

Image 3 – Bulk bags containing Barrambie bulk sample for transport to China



Post the end of the period, Neometals received the metallurgical results from IMUMR which provides encouragement that a simple and conventional flowsheet can produce high grade titanium, vanadium and iron products and good recoveries (see ASX announcement dated 11th July 2018). IMUMR have been selected to conduct the larger-scale DSO metallurgical test-work program, the results from which will form a basis to negotiate offtake pricing with potential Chinese buyers. In parallel with this, additional test-work is being completed at an Australian laboratory. Both work programs represent key priorities for the Company to seize on current supply constraints in both the titanium and vanadium markets.

In parallel with DSO considerations, the following Phase 2 on site processing options continue to be evaluated:

1. Updating the operating and capital cost section of the Company’s 2009 Definitive Feasibility Study on a primary vanadium operation; and
2. Ongoing test-work and piloting programs related to production of titanium dioxide hydrolysate, vanadium pentoxide and iron oxide product utilising the Neomet patented hydrometallurgical process.

Titanium and Vanadium Market Commentary

The majority of titanium feedstocks (an annual market of US\$17 Billion or 85% by value) are used to produce titanium dioxide (“TiO₂”) pigment which is then used as an additive in paints, plastics, paper and ink with the balance (15%) used to produce titanium metal products. The current price for high quality titanium dioxide pigment is US\$3,400 per tonne on a cif basis to USA (Source: Industrial Minerals 19 July 2018).

Pigment producers are facing a shortage of high-grade titanium feedstocks including rutile and titanium slag following a decline in supply of both materials from Australia, Canada and South Africa. The tightened supply of rutile largely reflects a decrease in output from Iluka’s closed Murray Basin operation, while availability, current prices and contracts are already being affected by the announcement from Tronox Limited that it will remove around 20,000 tonnes of rutile and leucogene from the market by end of this year. In addition, the imminent closure of Sibelco’s Stradbroke Island mine will remove up to 35,000 tonnes of rutile from the market by 2020. This supply tightness has triggered rutile price increases for the third quarter of 2018.

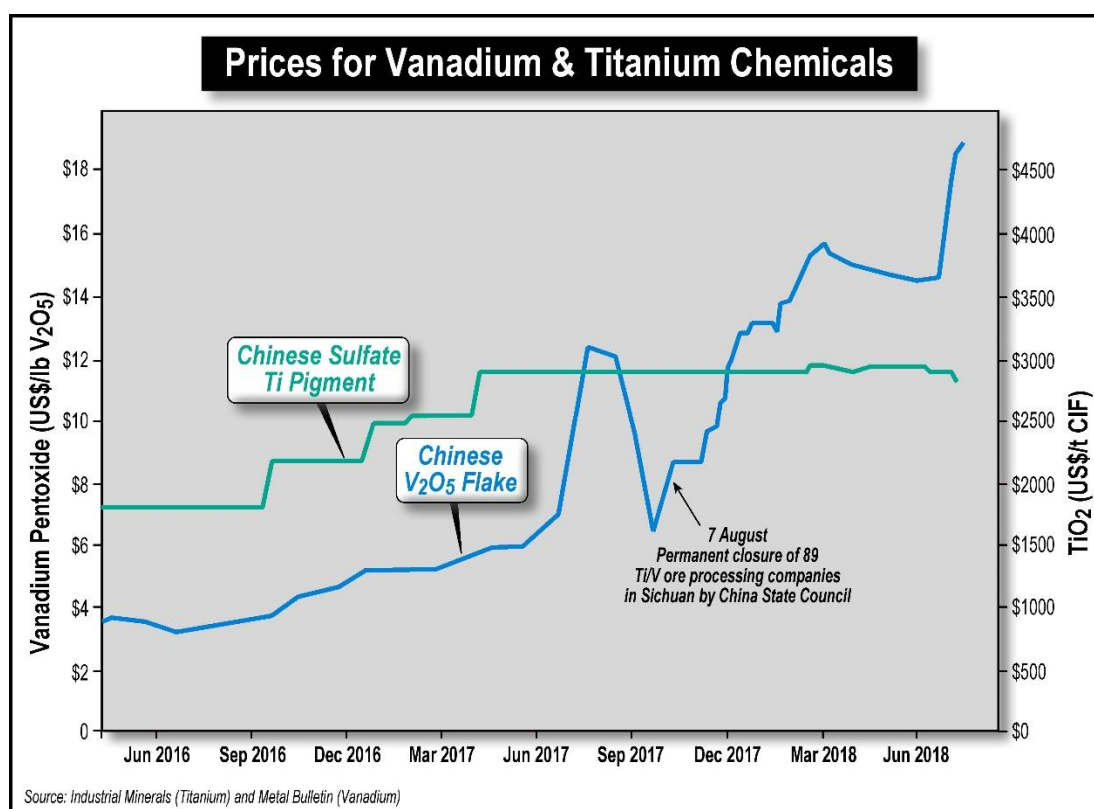
The price of rutile concentrate min 95% TiO₂ bulk cif China rose to \$950-1,100 per tonne on July 5 from \$850-950 per tonne a week earlier. Bulk shipments of rutile concentrate min 95% TiO₂ for pigment fob Australia increased to \$930-1,020 per tonne on July 5 from \$800-900 per tonne in the prior week.

Although chloride pigment producers are typically able to switch between rutile, synthetic rutile and chloride slag, some could struggle to source sufficient feedstock because chloride slag availability has also been reduced because of major disruptions at Rio Tinto's South African Richards Bay Minerals operation. It is estimated that around 120,000-150,000 tonnes of chloride slag have been removed from the market because of these disruptions. Rio Tinto has cut its titanium slag production forecast for 2018 to 1.1-1.2 million tonnes from its previous guidance of 1.1-1.3 million tonnes in April and 1.2-1.4 million tonnes in February.

The majority of vanadium feedstocks (annual consumption of 88.6kt V or 91% by volume) are used in steel production with the balance (8.9kt V or 9% by volume) used to produce non-ferrous alloys and chemicals for energy storage.

The FOB China price for vanadium pentoxide (min 98%) has continued to rise in response to tight supply conditions and reached US\$18.50 – 19.00 per pound or US\$40,790 – 41,890 per tonne mid-July (source: Metal Bulletin 17 July 2018). This represents a 25% increase since April. It is anticipated that prices will continue their bull run with supplier inventories at low levels and traders unable to restock at current prices. Recent offers by Chinese exporters have been above US\$20 per pound.

Figure 7 – Titanium and Vanadium Pricing as at June 2018



Neomet Processing Technology

(25% Net Profit Interest through Alphamet Management Pty Ltd - 100% Neometals)

Neometals, via its wholly owned Canadian subsidiary Alphamet Management Pty Ltd, is responsible for managing the commercialisation and development of the "Neomet Process". This patented (USA, Canada, Australia), environmentally friendly process technology has broad application in the recovery of a wide range of metal oxides from chloride leach solutions, including titanium. The energy-efficient recovery and regeneration of hydrochloric acid with minimal effluent is an environmentally sustainable, competitive advantage over conventional processing flowsheets.

All revenue received from the commercialisation of the technology is to be split 25:75 between Neometals and the owners of the technology. Neometals has a Strategic Alliance with Sedgman Limited (a wholly owned subsidiary of CIMIC Group Limited (ASX:CIM) to provide the platform for the commercialisation of the Neomet technology.

The Neomet process can be applied to a range of different ‘feed’ materials and of particular interest to Neometals is its amenability as an on-site processing option for Barrambie and/or other titanium ores. Neometals is planning to complete a pilot program in the first half of CY2019 utilising the Neomet patented hydrometallurgical process.

Should the titanium hydrolysate chemical processing pilot test-work advance sufficiently, Neometals will look to attract a titanium industry partner and licence the Neomet Process to titanium and other relevant industries. The multi-purpose plant housed in Neometals’ Montreal facility is currently dedicated to the Company’s battery recycling trial and it is intended the equipment will then be used for a customer trial with electric arc furnace (EAF) dust and then applied to a high grade mineral concentrate from Barrambie.

Lithium Battery Recycling Technology

(Neometals 100% Commercialisation Rights through Urban Mining Pty Ltd, 50% Ownership in IP)

Neometals is commercialising a technology to economically recover high-value cobalt that can be re-cycled within the battery manufacturing chain. Currently less than 5% of used lithium-ion batteries are recycled as disposal is typically either paid-for recycling or landfill.

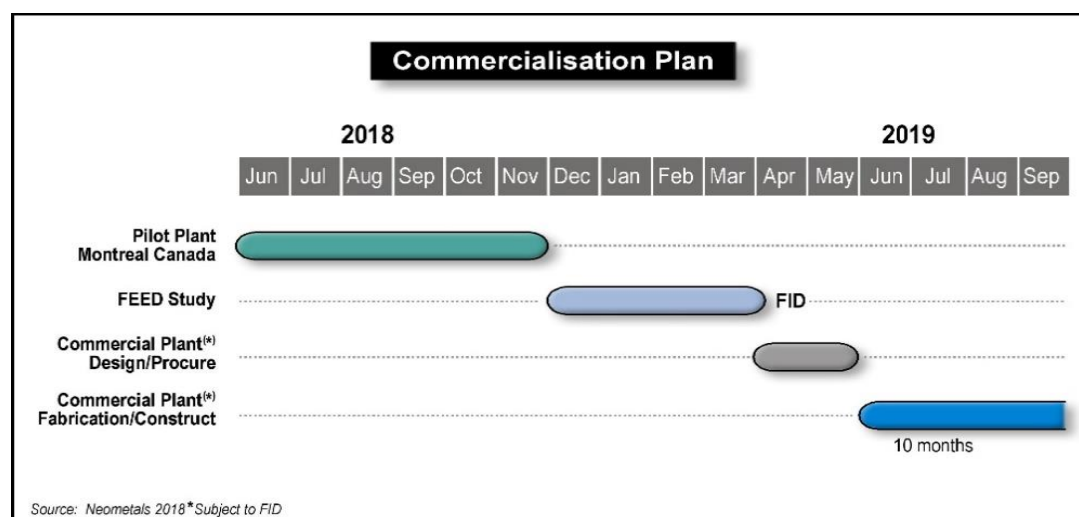
During the Quarter, Neometals continued the construction of the pilot facility for cobalt extraction from lithium cobalt (“LCO”) batteries (predominant cathode in consumer electronics). The Company engaged leading lithium EPC engineers, Primero Group Pty Ltd, to project manage the construction, commissioning and operation of the 100kg/day LCO pilot plant program from their Montreal branch to accelerate progress. The leaching section of the pilot plant has been water commissioned and the critical path item is a new 50/t day commercial scale beneficiation circuit (front end battery shredding), which is under construction in the US and expected to be installed in the September quarter.

In parallel with the pilot construction and commissioning activities, process flowsheet development for the extraction of multiple metallic elements from lithium-nickel-manganese-cobalt (“NMC”) batteries (predominant cathode in electric vehicle batteries) continued. The additional NMC product recovery and purification process will be subsequently incorporated into the pilot plant post completion of the LCO test work program.

Post the internal LCO and NMC testing phase on feedstocks sourced from external aggregators, the pilot plant will then be used to batch test batteries supplied by consumer electronics manufacturers and car makers.

Subject to the success of the test-work, it is the Company’s intention to proceed with an Engineering Cost Study ($\pm 15\%$ accuracy) to complete the technical and economic evaluation of a decision to proceed with the construction of a 10t/day commercial plant. Neometals has internal financial resources with which to fund evaluation, construction and commissioning of the commercial-scale plant and is in preliminary discussions with several interested parties from the lithium battery supply chain.

Figure 8 – Battery Recycling Indicative Timeline



CORPORATE

Financial

Dividend Paid

Neometals paid an unfranked dividend of 1 cent per share in June (\$5.4 million in total). The dividend represents the third consecutive annual payment to shareholders and aligns with the commencement of regular profit distributions to Neometals from the Mt Marion Joint Venture.

Receivables - Shareholder Loan – Reed Industrial Minerals Pty Ltd (RIM)

Subsequent to the end of the quarter the Company received \$4,104,458 being the balance outstanding from its working capital loan to the Mt Marion joint venture company, RIM. With all loan monies now repatriated to the JV shareholders, Neometals looks forward to regular distributions for its share of Mt Marion profits.

Hannans Limited (ASX:HNR) (Hannans) (Yilgarn Nickel/Lithium/Gold)

As at 30 June 2018 Neometals holds 706,209,483 ordinary fully paid shares (36% of the issued capital) in Hannans on an undiluted basis. At 30 June 2018 Hannans shares closed at 1.4c implying a value of \$9.9M.

Critical Metals Limited (Unlisted)(Scandinavian Lithium/Cobalt/Base Metals)

Neometals holds 13.5% of unlisted public company Critical Metals Ltd, a company which now houses the Scandinavian mineral assets previously held by Hannans. Neometals will assist Critical Metals to realise lithium, cobalt and carbon opportunities in Scandinavia through a technical assistance arrangement.

Other Investments

The market value of the Company's other investments as at 30 June 2018 totaled \$0.3M.

Finances (unaudited)

Cash and term deposits on hand as of 30 June 2018 totalled A\$30.4 million, including \$4.0 million in restricted use term deposits supporting performance bonds and other contractual obligations. The Company's has net receivables and listed securities totalling approximately \$14.6 million and holds debt instruments with a face value of A\$0.3M.

Issued Capital

The total number of shares on issue at 30 June 2018 was 543,532,473.

Human Resources

During the quarter Neometals made significant additions to its management team including the appointment of a GM Commercial and IR, a Project Manager, a Senior Chemist and Lab Technician in Montreal and several project based metallurgical consultants. The new appointments strengthen both Neometals business units and the Company is actively recruiting for other senior management roles pursuant to the Company's growth strategy.

Jeremy McManus (General Manager Commercial and Investor Relations) comes to Neometals with nearly 20 years experience in the resource and technology minerals sectors. Jeremy is well versed in strategy management, technology commercialisation, capital markets and IP management having previously held similar senior executive roles with ASX listed development companies.

Liliane Forget (Project Manager) is a Canadian national with 20 + years project management experience. Liliane is Masters degree qualified and has been responsible for the implementation of numerous large scale projects globally.

Strategy

Neometals' progress during the quarter aligns with the Company's consistent strategy. The Company identifies and secures globally relevant assets, where sensible it works with partners to de-risk and build projects at an appropriate scale, it leverages operational cash-flow and pursues growth via downstream integration and finally Neometals prioritises stakeholder returns.

Neometals is pleased with material advances made on both sides of its business during the period. The integrated lithium business arm is now well advanced with its distinct end-to-end lithium supply solution and the maturing titanium/vanadium and technology business plans to unlock substantial inherent values.

Neometals has another productive quarter planned for September 2018.

ENDS

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Compliance Statement

The information in this report that relates to Mineral Resource Estimates and Exploration Targets for the Barrambie Titanium Project and Mt Edwards Project are extracted from ASX Announcements entitled "Updated Barrambie Mineral Resource Estimate" lodged 17 April 2018 and "Mt Edwards Project Mineral Resource Over 120,000 Nickel Tonnes" lodged 25 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

About Neometals Ltd



Neometals Limited ("Neometals" - ASX:NMT) is a developer of industrial mineral and advanced materials projects. Neometals has two key divisions – a fully integrated Lithium business and a Titanium-Vanadium development business. Both are supported by proprietary technologies that assist downstream integration through revenue enhancement and cost efficiencies.

Neometals owns a 13.8% stake in the Mt Marion lithium mine near Kalgoorlie, which operates one of the world's biggest lithium concentrators. Neometals holds an offtake option, which forms the backbone to its fully-integrated lithium business aspirations which include a Lithium Hydroxide Refinery and Lithium-ion Battery Recycling process. The 100%-owned Barrambie Titanium-Vanadium Project in WA's Mid-West is one of the world's highest-grade hard-rock titanium-vanadium deposits.

Neometals' strategy focuses on de-risking and developing long life projects with strong partners and integrating down the value chain to increase margins. The company aims to leverage its cashflows to grow opportunities that provide sustainable mineral and material solutions to customers and to return value to shareholders.

APPENDIX A: TENEMENT INTERESTS

As at 30 June 2018 the Company has an interest in the following projects and tenements in Western Australia.

PROJECT NAME	LICENCE NAME	BENEFICIAL INTEREST	STATUS
Barrambie	E57/769	100%	Live
Barrambie	E57/770	100%	Live
Barrambie	E57/1041	100%	Live
Barrambie	L57/30	100%	Live
Barrambie	L20/55	100%	Live
Barrambie	M57/173	100%	Live
Mount Marion	L15/315	13.8% (*)	Live
Mount Marion	L15/316	13.8% (*)	Live
Mount Marion	L15/317	13.8% (*)	Live
Mount Marion	L15/321	13.8% (*)	Live
Mount Marion	L15/220	13.8% (*)	Live
Mount Marion	L15/360	13.8% (*)	Live
Mount Marion	M15/999	13.8% (*)	Live
Mount Marion	M15/1000	13.8% (*)	Live
Mount Marion	M15/717	13.8% (*)	Live
Mount Marion	E15/1496	13.8% (*)	Live
Mount Marion	E15/1504	13.8% (*)	Live
Mount Marion	P15/6050	13.8% (*)	Live
Mount Marion	P15/6042	13.8% (*)	Live
Mount Marion	P15/6043	13.8% (*)	Live
Mount Marion	P15/6044	13.8% (*)	Live
Mount Marion	P15/6045	13.8% (*)	Pending
Mount Marion	P15/6046	13.8% (*)	Pending
Mount Marion	P15/6047	13.8% (*)	Pending
Mount Marion	P15/6041	13.8% (*)	Live
Mount Marion	P15/6049	13.8% (*)	Live
Mount Marion	L15/360	13.8% (*)	Live
Mount Marion	P15/6052	13.8% (*)	Live
Mount Marion	P15/6053	13.8% (*)	Live
Mount Marion	P15/6054	13.8% (*)	Live
Mount Marion	P15/6055	13.8% (*)	Pending
Mount Marion	P15/6056	13.8% (*)	Pending
Mount Marion	P15/6057	13.8% (*)	Pending

Mount Marion	P15/6058	13.8% (*)	Live
Mount Marion	P15/6048	13.8% (*)	Pending
Mount Marion	E15/1599	13.8% (*)	Live
Mt Edwards	M15/45	100% (^)	Live
Mt Edwards	M15/46	100% (^)	Live
Mt Edwards	M15/48	100% (^)	Live
Mt Edwards	M15/74	100%	Live
Mt Edwards	M15/75	100%	Live
Mt Edwards	M15/87	100% (**)	Live
Mt Edwards	M15/77	100% (^)	Live
Mt Edwards	M15/78	100% (^)	Live
Mt Edwards	M15/79	100% (^)	Live
Mt Edwards	M15/80	100% (^)	Live
Mt Edwards	M15/94	100% (^)	Live
Mt Edwards	M15/96	100% (#)	Live
Mt Edwards	M15/97	100% (#)	Live
Mt Edwards	M15/99	100% (#)	Live
Mt Edwards	M15/100	100% (#)	Live
Mt Edwards	M15/101	100% (#)	Live
Mt Edwards	M15/102	100% (#)	Live
Mt Edwards	M15/103	100% (^)	Live
Mt Edwards	M15/105	100% (^)	Live
Mt Edwards	L15/102	100%	Live
Mt Edwards	M15/478	100% (^)	Live
Mt Edwards	M15/633	100% (^)	Live
Mt Edwards	M15/653	100% (#)	Live
Mt Edwards	M15/693	100% (^)	Live
Mt Edwards	M15/698	100%	Live
Mt Edwards	M15/699	100%	Live
Mt Edwards	M15/1271	100% (#)	Live
Mt Edwards	L15/254	100%	Live
Mt Edwards	E15/989	100% (^)	Live
Mt Edwards	L15/280	100%	Live
Mt Edwards	P15/5905	100%	Live
Mt Edwards	P15/5906	100%	Live
Mt Edwards	E15/1505	100%	Live
Mt Edwards	E15/1507	100%	Pending

Mt Edwards	E77/2397	100%	Pending
Mt Edwards	E15/1562	100%	Pending
Mt Edwards	E15/1576	100%	Live
Mt Edwards	E15/1583	100%	Live
Mt Edwards	E77/2427	100%	Pending

* - registered holder is Reed Industrial Minerals Pty Ltd (Neometals Ltd 13.8%, Mineral Resources Ltd 43.1%, Ganfeng Lithium Co.,Ltd 43.1%).

^Nickel rights only

**Lithium rights only

No gold interest

Changes in interests in mining tenements

Interests in mining tenements acquired or increased

PROJECT NAME	LICENCE NAME	ACQUIRED OR INCREASED
Mt Edwards	M15/45	Acquired (^)
Mt Edwards	M15/46	Acquired (^)
Mt Edwards	M15/48	Acquired (^)
Mt Edwards	M15/74	Acquired
Mt Edwards	M15/75	Acquired
Mt Edwards	M15/87	Acquired (**)
Mt Edwards	M15/77	Acquired (^)
Mt Edwards	M15/78	Acquired (^)
Mt Edwards	M15/79	Acquired (^)
Mt Edwards	M15/80	Acquired (^)
Mt Edwards	M15/94	Acquired (^)
Mt Edwards	M15/96	Acquired (#)
Mt Edwards	M15/97	Acquired (#)
Mt Edwards	M15/99	Acquired (#)
Mt Edwards	M15/100	Acquired (#)
Mt Edwards	M15/101	Acquired (#)
Mt Edwards	M15/102	Acquired (#)
Mt Edwards	M15/103	Acquired (^)
Mt Edwards	M15/105	Acquired (^)
Mt Edwards	L15/102	Acquired
Mt Edwards	M15/478	Acquired (^)

Mt Edwards	M15/633	Acquired (^)
Mt Edwards	M15/653	Acquired (#)
Mt Edwards	M15/693	Acquired (^)
Mt Edwards	M15/698	Acquired
Mt Edwards	M15/699	Acquired
Mt Edwards	M15/1271	Acquired (#)
Mt Edwards	L15/254	Acquired
Mt Edwards	E15/989	Acquired (^)
Mt Edwards	L15/280	Acquired
Mt Edwards	P15/5905	Acquired
Mt Edwards	P15/5906	Acquired
Mt Edwards	E15/1505	Acquired
Mt Edwards	E15/1507	Acquired
Mt Edwards	E77/2397	Acquired
Mt Edwards	E15/1562	Acquired
Mt Edwards	E15/1576	Acquired
Mt Edwards	E15/1583	Acquired
Mt Edwards	E77/2427	Acquired

^Nickel rights only

**Lithium rights only

No gold interest

Interests in mining tenements relinquished, reduced or lapsed

PROJECT NAME	LICENCE NAME	RELINQUISHED, REDUCED OR LAPSED
Mt Edwards	E15/970	Relinquished