

# Reed on Neometals' deal with the "largest most diverse lithium producer in China"

Chris Reed, CEO & Managing Director of [Neometals Ltd.](#) (ASX: NMT), in an interview with InvestorIntel CEO Tracy Weslosky discuss the [recent MOU](#) with Mineral Resources, the recent shareholder update, and the significance of the deal with Ganfeng – “the largest most diverse lithium producer in China”. Starting with their progress on the development of a downstream lithium chemical plant that would produce battery quality lithium hydroxide product suitable for direct sales to the lithium-ion battery industry, Chris explains Neometals' recent milestones and what interested investors may anticipate in the New Year for the company.

**Tracy Weslosky:** Chris you had a lot of news lately – a terrific update for your shareholders in that you recently announced an MOU with Mineral Resources to further progress the development of a downstream lithium chemical plant that would produce battery quality lithium hydroxide product suitable for direct sales to the lithium-ion battery industry. Can you please provide the InvestorIntel audience with an update on this MOU please?

**Chris Reed:** Absolutely Tracy. Part of the transaction with Ganfeng last year was that they're obligated to purchase the first three years' production from the Mount Marion Mine. After the third production year, Mineral Resources and NeoMetals had the option then to buyback 51% of the offtake so that we could have a feed for our own downstream processing ambitions. You know, we have long wanted to become an integrated producer of lithium. The first step was to get the mine up and running as a concentrate producer and then in a

couple of years' time, because it actually takes that long – once you completed the construction of the concentrator operation it takes you a number of years to permit and build a lithium down streaming plant. It is really just an affirmation now that the mine is moving into commercial production, that we are now in the final stages of the evaluation of downstream production of lithium hydroxide and it's a commitment for both of us to advance that with a view that we can make a final investment decision in early 2017.

**Tracy Weslosky:** Christopher Ecclestone was describing this as a superb deal and that shareholders may not truly appreciate the nuances of this deal. I think what he was trying to say was, number one, you have proven your extraction technology process works and perhaps you'd like to comment a little further about his analysis on this deal.

**Chris Reed:** I think Chris is certainly one of the few analysts that gets our overarching strategy and that's one, to get the mine up and running, derisk that, at the same time develop the flowsheet for downstream processing. The deal with Ganfeng and I think one of the misunderstood barriers to entry to the lithium market is actually having a large customer to sell your product to. If you want to start up a good size mine you need to move a load concentrate. You need a large partner. Ganfeng are the largest most diverse lithium producer in China, certainly the fastest growing, multibillion dollar U.S. market cap and the ability, certainly over the last year that we've been dealing with them, to raise large amounts of equity. They're actually moving beyond lithium conversion into cathode production and batteries. As you get further down the chain, the lithium value in that end product becomes less so they become a stronger partner, we're able to get the mine up, they take a lot of production and then after 3-4 years of production we're then able to take some of the feed and put it into our own down streaming plant. We're doing it in two stages rather than having a half a billion dollar roll of the

dice to start off with. We've done a deal with Australia's largest processor of minerals where we've developed the world's— within 12 months we've constructed the world's biggest hard rock lithium concentrator that's twice as big as the plant down at Greenbushes...to access the complete interview, [click here](#)

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