



Neometals

Neometals Ltd ACN 099 116 631

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting (**EGM**) of Neometals Ltd ACN 099 116 631 (**Neometals** or the **Company**) will be held at 3.00pm (Perth Time) on 18 August 2021 at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia, 6000.

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting and provides additional information on the Resolution to be considered at the EGM. Terms used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary.

This Notice of Meeting and the Explanatory Memorandum should be read in their entirety. If Neometals Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

If you wish to discuss any matter in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 1182.

Hybrid meeting

In light of the uncertainty and risks posed by the COVID-19 pandemic, the Company will be enabling and encouraging virtual attendance at the EGM. Neometals Shareholders who do not plan to attend the EGM in person are encouraged to participate in the EGM by:

- completing and returning the enclosed Proxy Form;
- lodging questions in advance of the EGM by emailing questions to cosec@neometals.com.au; and
- attending the EGM virtually via <https://web.lumiagm.com/313984862>.

Neometals Shareholders who participate in the EGM virtually will be able to watch the EGM, cast an online vote, ask questions and make comments in real time.

Further details of how Neometals Shareholders can participate in the EGM virtually are set out in this Notice of Meeting and the Virtual Extraordinary General Meeting Online Guide which is available at <https://www.neometals.com.au/egm/>.

Neometals Shareholders who wish to attend the EGM in person should consider the latest government advice and warnings before doing so, and monitor the Company's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the EGM.

Agenda items

Resolution 1 – Approval for an equal capital reduction and in-specie distribution of Widgie Nickel Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

That, for the purposes of sections 256B and 256C of the Corporations Act and for all other purposes, on the In-Specie Distribution Record Date to determine the entitlements of Neometals Shareholders to participate in the reduction of capital:

- (a) *the issued share capital of the Company be reduced by the Company, without cancelling any Neometals Shares, by an amount equal to the market value (as assessed by the Neometals Directors) of all the fully paid ordinary shares in the capital of Widgie Nickel Pty Ltd ACN 648 687 094 (to be converted to a public company limited by shares on 13 August 2021 and renamed Widgie Nickel Limited) less a Demerger Dividend (if any) with effect as at the In-Specie Distribution Record Date to determine entitlements to the distribution and transfer referred to in paragraph (b) of this Resolution; and*
- (b) *the reduction, and Demerger Dividend (if any), be satisfied by the distribution and transfer of all fully paid ordinary shares in Widgie Nickel to Neometals Shareholders registered as such on the In-Specie Distribution Record Date on a pro rata basis, to be effected in accordance with the Neometals Constitution, the Corporations Act, the Listing Rules and as otherwise determined by the Neometals Directors, with the consequence that each Neometals Shareholder on the In-Specie Distribution Record*

Date shall be deemed to have consented to becoming a Widgie Nickel Shareholder and being bound by its constitution,

on the terms and conditions set out in the Explanatory Memorandum.

Attending the EGM virtually

Registration

Neometals Shareholders can register to attend the EGM virtually via the online platform at <https://web.lumiagm.com/313984862>.

Online registration for the EGM will commence from 2.00pm (Perth Time) on 18 August 2021.

Participation

Neometals Shareholders who attend and participate in the EGM virtually will be able to watch the EGM, cast an online vote, ask questions and make comments in real time via the online platform at <https://web.lumiagm.com/313984862>.

To attend and participate virtually, Neometals Shareholders will need a computer, tablet or mobile device with internet access.

Neometals Shareholders will be able to vote in real time during the EGM when invited by the Chairman. Neometals Shareholders will be able to vote for, against or abstain on the Resolution through the online platform. The Resolution will be decided on a poll.

Further details of how Neometals Shareholders can participate in the EGM virtually are set out in this Notice of Meeting and the Virtual Extraordinary General Meeting Online Guide which is available at <https://www.neometals.com.au/egm/>.

Technical difficulties may arise during the course of the EGM. The Chairman has discretion as to whether and how the EGM should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of Neometals Shareholders impacted and the extent to which participation in the business of the EGM is affected. Where considered appropriate, the Chairman may continue to hold the EGM and transact business. For this reason, shareholders are encouraged to lodge a proxy by 3.00pm (Perth Time) on 16 August 2021 even if they plan to attend the EGM virtually.

Voting entitlements

The Neometals Board has determined that under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the EGM, Neometals Shares will be taken to be held by the persons who are the registered holders at 5.00pm (Perth Time) on 16 August 2021. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the EGM.

Chairman

Steven Cole will act as Chairman of the EGM (and, if Steven Cole is unable to attend, another Neometals Director will act as Chairman of the EGM).

Proxies

- (a) Votes at the EGM may be given personally or by proxy, attorney or representative.
- (b) A proxy need not be a shareholder of the Company.
- (c) The proxy form sent with this Notice of Meeting should be used for the EGM.
- (d) Each Neometals Shareholder who is entitled to cast 2 or more votes at the EGM may appoint up to 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Neometals Shareholder does not specify the proportion or number of that Neometals Shareholder's votes that each proxy may exercise, then each proxy will be entitled to exercise half of that Neometals Shareholder's votes. An additional proxy form will be supplied by the Company on request. No Neometals Shareholder may appoint more than 2 proxies.
- (e) In the case of a Neometals Shareholder who is an individual, a proxy form must be executed under the hand of the individual or their attorney duly authorised in writing and, in the case of a member that is a corporation, a proxy form must be executed by the corporation under common seal, pursuant to section 127 of the Corporations Act or under the hand of its duly authorised officer or attorney.
- (f) Any Neometals Shareholder may by power of attorney appoint an attorney to act on their behalf and such power of attorney or a certified copy thereof must be received by the Company as set out in paragraph (i) below.
- (g) Any corporation that is a shareholder of the Company may appoint a representative to attend and vote for that corporation at the EGM. Appointments of corporate representatives must be received by the Company as set out in paragraph (i) below or handed in at the EGM when registering as a corporate representative.
- (h) Any directed proxies that are not voted on a poll at the EGM by a Neometals Shareholder's appointed proxy will automatically default to the Chairman of the EGM, who is required to vote proxies as directed on a poll.
- (i) Proxy forms (including any instruments under which they have been executed) and powers of attorney granted by Neometals Shareholders must be received by the Company by **3.00pm (Perth Time) on 16 August 2021** as follows:

At the Company's share registry:

- (1) by post to the Company's share registry:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
Australia
- (2) by facsimile to the Company's share registry:

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

At the Company's registered office:

- (3) by hand delivery to the Company's registered office:
Level 1, 1292 Hay Street
West Perth WA 6005
Australia
- (4) by post to the Company's registered office:
Locked Bag 8
West Perth WA 6872
Australia
- (5) by facsimile to the Company's registered office:
+61 8 9321 0556
- (6) by email to the Company Secretary:
cosec@neometals.com.au

Online

Alternatively, Neometals Shareholders can register their proxy voting instructions online at www.investorvote.com.au by **3.00pm (Perth Time) on 16 August 2021**. Please refer to the enclosed proxy form for more information about submitting proxy voting instructions online.

Mobile

Alternatively, Neometals Shareholders can vote using their mobile phone by scanning the QR Code on the proxy form and following the prompts.

Custodians and nominees

Custodians and nominees are able to vote online at www.intermediaryonline.com.

Enquiries

If you have any questions in respect of the matters set out in this Notice of Meeting, you can contact the Company Secretary on +61 8 9322 1182 or by sending an email to cosec@neometals.com.au.

BY ORDER OF THE BOARD



Jason Carone
Company Secretary
Neometals Ltd
20 July 2021

Explanatory Memorandum

1 Introduction

This Explanatory Memorandum forms part of the Notice of Meeting and has been prepared to provide Neometals Shareholders with sufficient information to assess the merits of the Resolution contained in the Notice of Meeting.

1.1 Purpose of this document

The main purpose of this document is to:

- explain the terms of the Proposed Transaction, and the manner in which the Proposed Transaction (or parts of the Proposed Transaction) will be implemented (if approved); and
- to provide such information as is prescribed or otherwise material to the decision of Neometals Shareholders whether or not to approve the Resolution to give effect to the Capital Reduction and In-Specie Distribution.

This document includes a statement of all the information known to the Company that is material to Neometals Shareholders in deciding how to vote on the Resolution, as required by section 256C(4) of the Corporations Act.

1.2 ASIC and ASX

A final copy of this Notice of Meeting and Explanatory Memorandum have been lodged with ASIC and ASX, together with a copy of the Prospectus that accompanies this Notice of Meeting. None of ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

1.3 Notice to non-Australian shareholders

No action has been taken to register or qualify the Widgie Nickel Shares or otherwise permit a public offer of such securities in any jurisdiction outside Australia. Based on the information available to Neometals, Neometals Shareholders whose addresses are shown in the register on the In-Specie Distribution Record Date as being in the following jurisdictions will be entitled to have Widgie Nickel Shares distributed and transferred to them under the In-Specie Distribution subject to any qualifications set out below in respect of that jurisdiction.

New Zealand

This Notice of Meeting is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law. The offer of Widgie Nickel Shares under the Capital Reduction and In-Specie Distribution is being made to existing Neometals Shareholders in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Notice of Meeting may not contain all the information that a disclosure document is required to contain under New Zealand law.

1.4 Forward looking statements

This document contains forward looking statements which may be identified by words such as 'anticipates', 'may', 'should', 'could', 'likely', 'believes', 'estimates', 'expects', 'targets', 'predicts', 'projects', 'forecasts', 'intends', 'guidance', 'plan' and other similar words that involve risks and uncertainties.

These forward looking statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this document, are expected to take place. The Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, except where required by law.

Any forward looking statements are subject to various risks that could cause the Company's and Widgie Nickel's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Schedule 4 and other information in this document. Such forward looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of the Company and Widgie Nickel and their respective directors and management.

None of the Company, Widgie Nickel or any of their respective officers or any person named in this document or involved in the preparation of this document give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this document will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

1.5 No financial product advice

The information contained in this document is not investment or financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial situation or particular needs. Before deciding how to vote or act, Neometals Shareholders should consider the appropriateness of the information, having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their circumstances.

Neither the Company nor Widgie Nickel is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Widgie Nickel Shares under the Proposed Transaction (whether the regime is provided for by law or otherwise).

1.6 No internet site is part of this document

Any references to documents included on the Company's website (at www.neometals.com.au) are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this document by reference.

1.7 Important notices

Indicative timetable	Date
EGM to approve the In-Specie Distribution	Wednesday, 18 August 2021
Effective date for Neometals In-Specie Distribution Lodgement of Widgie Nickel Prospectus with ASIC	Thursday, 19 August 2021
In-Specie Distribution Record Date	Tuesday, 24 August 2021
In-Specie Distribution of Widgie Nickel Shares to Neometals Shareholders Record Date for the Entitlement Offer	Thursday, 26 August 2021
Opening Date of Entitlement Offer	Monday, 30 August 2021
Closing Date of Entitlement Offer	Wednesday, 8 September 2021
Issue and allotment of Widgie Nickel Shares under Entitlement Offer	Friday, 17 September 2021
Expected despatch of holding statements for Widgie Nickel Shares issued under Entitlement Offer	Monday, 20 September 2021
Expected commencement of trading on ASX of Widgie Nickel Shares	Wednesday, 22 September 2021

These dates are indicative only and may change without notice subject to the Corporations Act, the Listing Rules and other applicable laws.

2 Resolution 1 – Approval for an equal capital reduction and in-specie distribution of Widgie Nickel Shares

2.1 Background and overview of the Proposed Transaction

As announced on 1 July 2021, the Company is proposing to implement a demerger of its assets comprising the Mt Edwards Nickel Project (**Mt Edwards Project**) by way of an equal capital reduction and in-specie capital return of all of the issued share capital in Widgie Nickel Pty Ltd ACN 648 687 094 (to be converted to a public company limited by shares and renamed Widgie Nickel Limited) (**Widgie Nickel**) to Eligible Neometals Shareholders.

Following completion of the demerger, Widgie Nickel intends to undertake a fully underwritten, non-renounceable pro rata entitlement offer of 120,000,000 Widgie Nickel Shares at an issue

price of \$0.20 per Widgie Nickel Share to raise proceeds of \$24 million (before costs) to progress the Mt Edwards Project (**Entitlement Offer**) and to apply for admission to the Official List of ASX and for quotation of the Widgie Nickel Shares on ASX.

Neometals' primary purpose in undertaking the Proposed Transaction is to allow the Mt Edwards Project to be independently managed and funded. This also facilitates a greater focus by Neometals on its high-quality portfolio of assets and opportunities in minerals and advanced materials essential for a sustainable future in the clean energy and battery value chain, in line with the Neometals Board's commitment to deliver value for Neometals Shareholders.

Neometals believes the Mt Edwards Project is undervalued within the current company structure and accordingly is pursuing the Proposed Transaction to unlock the value of the Mt Edwards Project including for the benefit of Neometals Shareholders.

The Proposed Transaction is being undertaken to achieve the following objectives:

- secure sufficient funding for accelerated exploration and further growth plans with respect to the Mt Edwards Project;
- the Capital Reduction and In-Specie Distribution will allow Neometals to dedicate its efforts to its Lithium-ion Battery Recycling Project, its Vanadium Recovery Project, its suite of advanced materials processing technology assets and its Barrambie Titanium and Vanadium Project (**Sustainable Future Portfolio**), and in doing so will remove the internal competition for valuable capital as against the Mt Edwards Project;
- the Proposed Transaction will provide Neometals Shareholders with the opportunity to participate in the exploration and possible development of the Mt Edwards Project, whilst maintaining their investment exposure to the Neometals Sustainable Future Portfolio;
- the Proposed Transaction is intended to deliver relatively superior value for shareholders in both Neometals and Widgie Nickel;
- the Proposed Transaction will enable both Widgie Nickel and Neometals to undertake more targeted marketing to investors as both companies have a clear and more easily understood investment proposition; and
- the Proposed Transaction will allow for Widgie Nickel and Neometals to have independent governance and management.

2.2 Steps to implement the Proposed Transaction

The Proposed Transaction will comprise the following steps:

- Neometals Shareholders approve the Capital Reduction and In-Specie Distribution;
- in accordance with the timetable set out in Section 1.7, Neometals will distribute and transfer all of the Widgie Nickel Shares to Eligible Neometals Shareholders on a pro rata basis (with Ineligible Neometals Shareholders receiving cash proceeds for their entitlements – see Section 2.24 for further details);
- if the Demerger Conditions are satisfied, Widgie Nickel intends to undertake a fully underwritten, non-renounceable pro rata entitlement offer of 120,000,000 Widgie Nickel Shares at an issue price of \$0.20 per Widgie Nickel Share to raise proceeds of \$24 million (before costs) to progress the Mt Edwards Project under the Widgie Nickel Prospectus;

- Widgie Nickel proposes to apply for admission to the Official List of ASX and for quotation of all the Widgie Nickel Shares on ASX; and
- Widgie Nickel will close the Entitlement Offer and Widgie Nickel Shares will, subject to satisfaction of certain conditions, be admitted to the Official List of ASX.

The Capital Reduction will be effected by way of In-Specie Distribution, pursuant to which Eligible Neometals Shareholders will receive a pro rata distribution and transfer of Widgie Nickel Shares in proportion to the number of Neometals Shares held by them at the In-Specie Distribution Record Date. Eligible Neometals Shareholders will thereby receive a direct ownership interest in Widgie Nickel whilst still maintaining their ownership interest in Neometals.

2.3 Demerger Conditions

The Capital Reduction and In-Specie Distribution will only proceed if the following conditions are met (together, the **Demerger Conditions**):

- (a) **(Neometals approvals)** Neometals obtaining all necessary shareholder approvals required by the Corporations Act and its Constitution to give effect to the Capital Reduction and In-Specie Distribution; and
- (b) **(No regulatory intervention)** no regulatory intervention occurring that would otherwise prevent the Capital Reduction from proceeding.

Subject to satisfaction of the Demerger Conditions, Widgie Nickel will be demerged from Neometals following completion of the Capital Reduction and In-Specie Distribution.

2.4 Current structure of Neometals

The current corporate structure of Neometals is shown below in Figure 1.

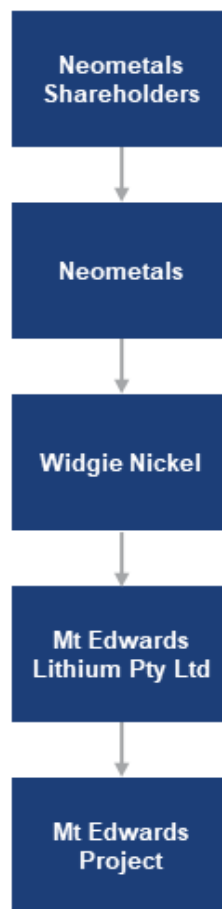


Figure 1 | Current structure

2.5 Proposed structure of Neometals and Widgie Nickel

In the event the Demerger Conditions are satisfied, the Company proceeds with the Capital Reduction and In-Specie Distribution and the Entitlement Offer is completed (with the potential for new Widgie Nickel shareholders to be introduced through the underwriting of the Entitlement Offer), the structure of Neometals and Widgie Nickel will be as shown below in Figure 2.

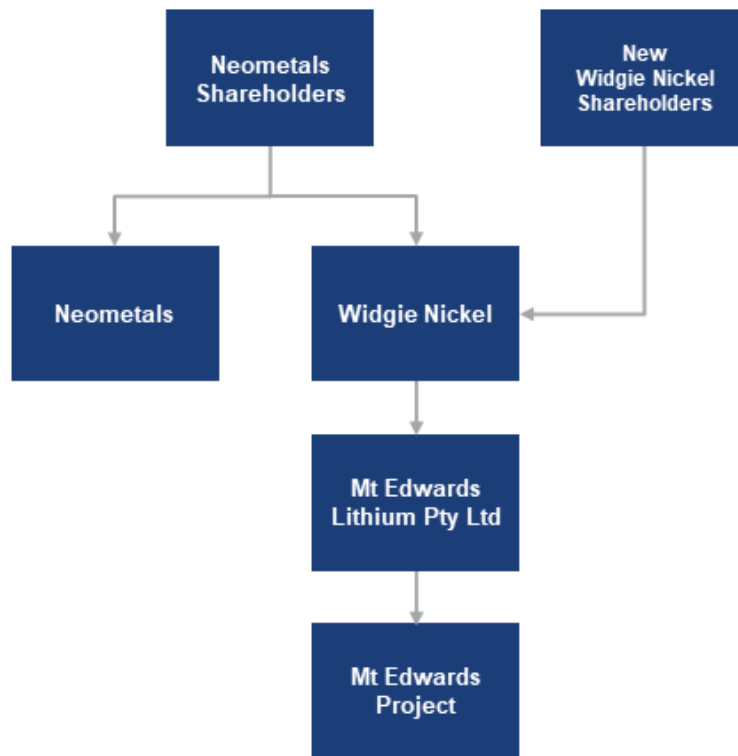


Figure 2 | Proposed structure post In-Specie Distribution and Entitlement Offer

Neometals will not retain any shareholding in Widgie Nickel upon completion of the Capital Reduction and In-Specie Distribution.

2.6 Plans for Neometals following completion of the Proposed Transaction

There are no changes proposed to the Neometals Board as a result of the Capital Reduction and In-Specie Distribution.

Following completion of the In-Specie Distribution, Neometals will continue to pursue the development of its Sustainable Future Portfolio. This will include:

- continuing to advance the Lithium-ion Battery Recycling Project through the Primobius GmbH incorporated joint venture with SMS group GmbH. The battery recycling demonstration plant is currently operational, with commercialisation activities gathering momentum, targeting a development investment decision for commercial operations to be made in the first quarter of 2022;
- continuing to advance the Vanadium Recycling Project through the joint co-operation with Critical Metals Ltd. A feasibility study for the Scandinavian slag recovery operation is due to commence in the near future, targeting a financial investment decision to develop a 200,000tpa processing plant to be made in fourth quarter of 2022;
- continuing intellectual property advancement activities and pursuing business development opportunities for its suite of advanced materials processing technology assets; and

- advancing development evaluation activities for the Barrambie Titanium and Vanadium Project under the memorandums of understanding with potential operating joint venture partner, the Institute of Multipurpose Utilization of Mineral Resources Chinese Academy of Geological Sciences, and potential cornerstone product off-taker, Jiuxing Titanium Materials Co. Neometals is working towards a development decision on whether to proceed with a joint venture with those parties during 2022.

2.7 Background of the Mt Edwards Project

Introduction

The Widgie Nickel tenements are located 540km east of Perth and approximately 80km south of Kalgoorlie in the Norseman-Widgiemooltha district in the Eastern Goldfields region of Western Australia.

Local infrastructure is well developed with the Mt Edwards Project being within a significant and well serviced nickel, gold and lithium mining district close to the major regional mining centre of Kalgoorlie. The railway line between Kalgoorlie and the port of Esperance, the potable water pipeline from Coolgardie to Norseman and the Goldfields Gas Pipeline run immediately to the east of the Mt Edwards Project.

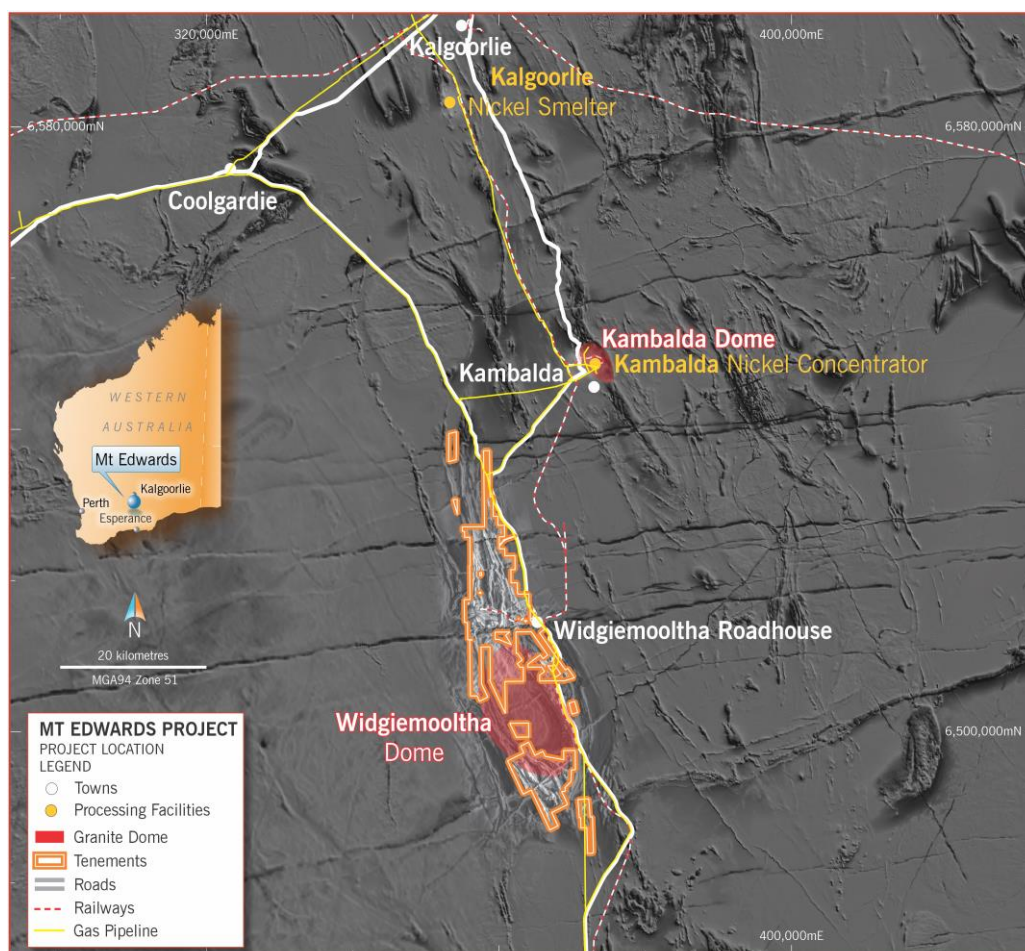


Figure 3 | Location of Mt Edwards Project

Mt Edwards Project tenure

The Mt Edwards Project covers ~240km² and comprises the nickel rights to 40 granted tenements and 9 tenement applications. The granted leases comprise 26 mining leases, 5 prospecting licences, 6 exploration licences, and 3 miscellaneous licences. The tenement applications comprise 3 exploration licences, 4 prospecting licences and 2 miscellaneous licences.

The Mt Edwards Project tenure is a mixture of tenements and mineral rights. For some areas, underlying title is held by Widgie Nickel. For some of these tenements, title is held but gold rights are excluded whilst for some tenements, the underlying title is held by another party but Widgie Nickel holds the nickel and associated mineral rights.

The tenements which are owned by third parties but in respect of which Widgie Nickel has, either directly or indirectly through its wholly owned subsidiary Mt Edwards Lithium Pty Ltd, a contractual right, entitlement and interest to explore for and mine nickel are the following tenements: E15/989, M15/45, M15/46, M15/48, M15/77, M15/78, M15/79, M15/80, M15/87, M15/94, M15/103, M15/105, M15/478, M15/633 and M15/693.

The tenements for which Widgie Nickel, either directly or indirectly through its wholly owned subsidiary Mt Edwards Lithium Pty Ltd, is the registered holder but in respect of which third parties have been granted the right, entitlement and interest to explore for and mine gold are the following tenements: M15/74, M15/75, M15/96, M15/97, M15/99, M15/100, M15/101, M15/102, M15/653, M15/1271, M15/698, M15/699, E15/1505, E15/1507, E15/1553, E15/1576, P15/6092, E15/1583, P15/6570, E15/1749, P15/6539, E15/1679, P15/6362, P15/6387, P15/6612, E15/1665, P15/5905, P15/5906 and P15/6408.

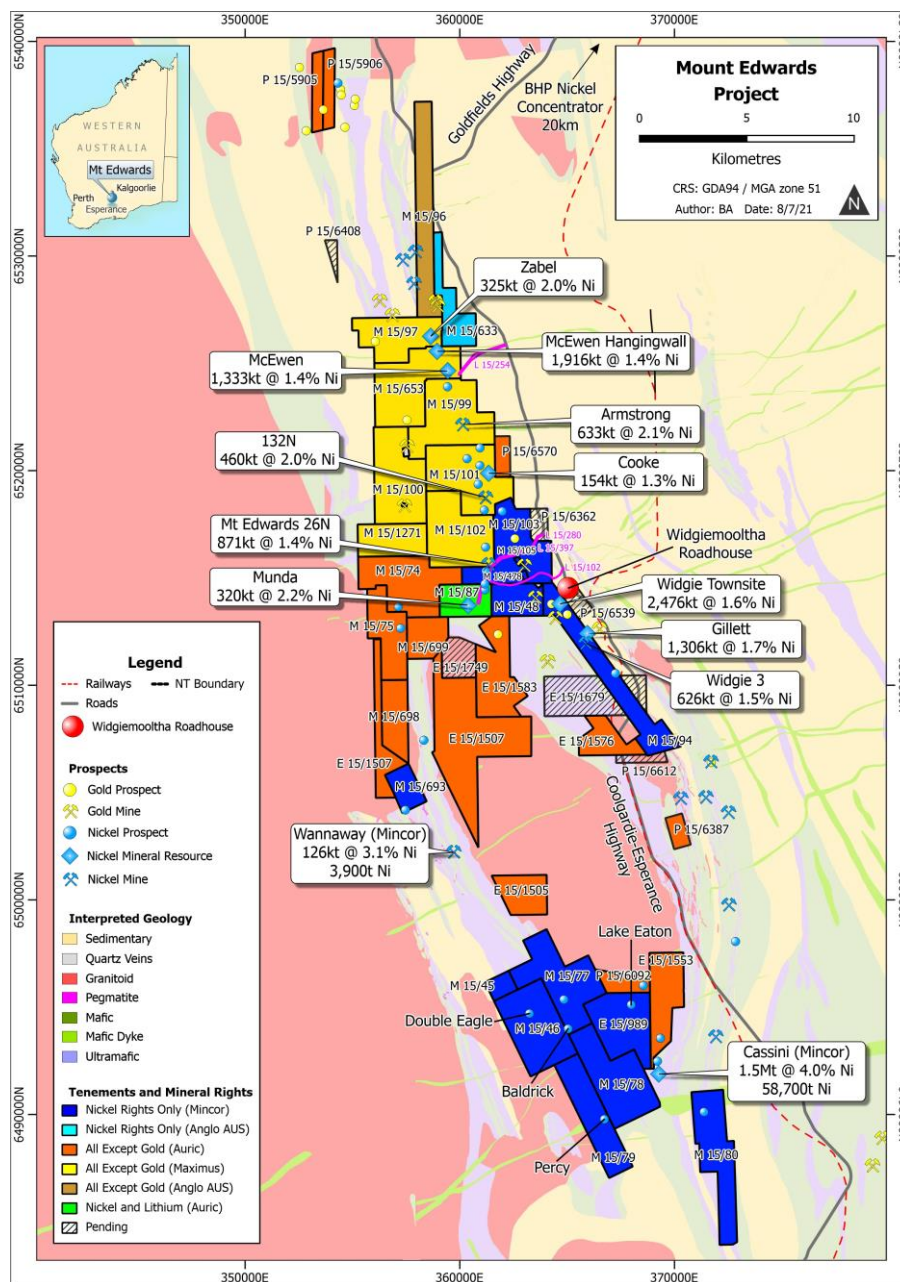


Figure 4 | Mount Edwards Project leasing and commodity rights

Mt Edwards Project area exploration and development history

Nickel sulphides in the Eastern Goldfields were first discovered by Western Mining Corporation (WMC) in late 1965 at Kambalda on the Kambalda Dome. The first production was in March 1967 and sparked a major nickel boom in Western Australia.

The first production on the Widgiemooltha Dome was from the Redross mine in 1973 followed by Spargoville (1975), Mt Edwards - 26N (1980) and Wannaway (1984). By 1986 all these mines had closed but in the late 1980s to early 1990s, significant new mines were developed by WMC at Mariners and Miitel in addition to the reopening of both Mt Edwards and

Wannaway. Mariners and Miitel were sold to Mincor in 2001 and remained in production until 2015 respectively. Mincor also acquired Wannaway which closed in 2007 and Redross, which was reopened by Mincor in 2003 and ultimately closed in 2008.

At various times, more than 10 nickel mines were developed around the Widgiemooltha Dome (Figure 5). The largest of these were the Miitel and Mariners mines with historical production of 2.48 Mt at 2.91% Ni and 2.6 Mt at 2.71% Ni respectively. The Mt Edwards deposit was developed as a shaft and subsequently a decline access underground mine closing in 1994. It produced ~954,578t at 2.72% Ni. The 132 North deposit was developed as an open pit mine from 1989 to 1990 and again in 2008 which produced 63,259t at 2.93% Ni over the two open pit mining episodes. The Widgie 3 mine deposit was initially an open pit with an underground shaft access mine developed from the pit bottom in late 1980s which in aggregate produced 82,661t at 2.17% Ni.

Open pit mining was also carried out at the Armstrong deposit with minor production of 3,545t at 1.48% Ni in 2004 and additional production in 2007/2008 of 57,833kt at 1.32% Ni mined and treated, and 35,628kt at 1.57% Ni mined but not treated.

Following cessation of production at Miitel and Mariners in 2015, no nickel mines remained operational in the Widgiemooltha Dome. Mincor recently commenced the development of the newly discovered Cassini deposit. Cassini has published Mineral Resources of 1.5Mt at 4.0% Ni for 58.7kt of nickel and Ore Reserves of 1.2Mt at 3.3% Ni for 40.1kt of nickel.

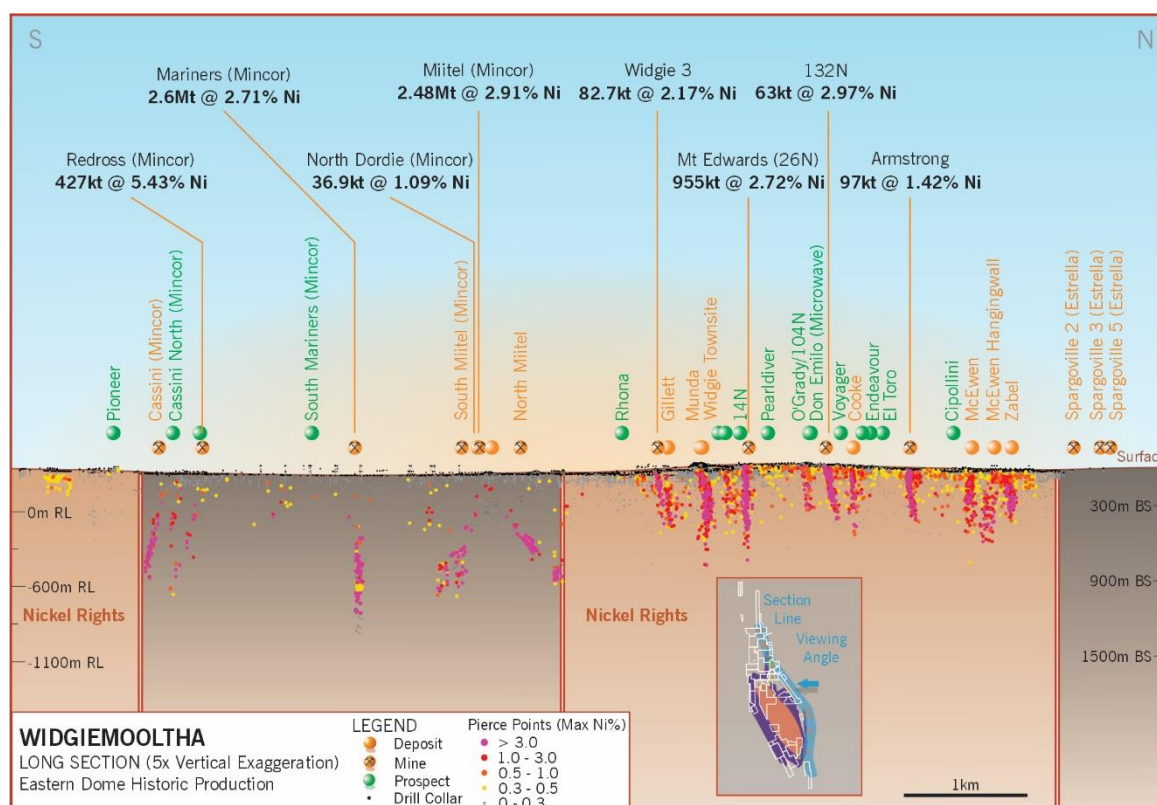


Figure 5 | Widgiemooltha Dome – Historical nickel mines

Since Neometals acquired the Mt Edwards Project in March 2018, the focus of exploration activities has shifted from an initial concentration on defining the lithium/pegmatite potential to nickel.

Various geochemical programs and drilling programs initially targeting lithium were carried out at the Atomic 3 prospect adjacent to the 132 North nickel deposit and on prospecting licences P15/5905 and P15/5906 where pegmatites had been identified. This was followed by soil sampling targeting gold at Groundlark and Larkinvile and stratigraphic drilling on exploration licence E15/1576 for gold and nickel heralding a change in focus primarily on the base metal potential of the tenement package.

Following a comprehensive review of geochemical and geophysical data, a nickel targeting study undertaken by specialist geological consultant Newexco Exploration Pty Ltd led to a program of ongoing drilling being carried out on various anomalies and existing known Mineral Resources searching for nickel.

In mid-2019, work on the Greenfields southern tenement package (**Lake Eaton**) commenced with drilling on exploration licence E15/989 focusing on the ultramafic–basalt contact located along strike from Mincor's Cassini deposit with 8 reverse circulation (**RC**) holes drilled and follow up geophysics carried out. Drilling on the existing Mineral Resource at Zabel (mining lease M15/97) was also carried out, successfully confirming the presence of high grade nickel in addition to regional drilling on Mandilla (mining lease M15/96) comprising 4 holes and geophysics to test a previously identified conductor.

Infill drilling continued during the September 2019 quarter with a separate 15-hole RC drill and sample program on the Widgie South trend (mining lease M15/94) targeting nickel mineralisation at Gillett and Widgie 3. The program was highly successful in confirming existing mineralisation and identifying opportunities to expand the mineralised envelope, specifically on the Gillett mineralisation where the strike length was increased by in excess of 50%.

Neometals acquired the nickel and lithium rights for Munda (mining lease M15/87) in September 2019 and announced assay results from diamond core drilling previously completed confirming the high grade nature of mineralisation present. The assay results confirmed an 8.3 metre (down hole width) zone of nickel sulphide mineralisation from 93 metres down hole, with an enriched zone of 2.3 metres at 6.11% nickel at the base of the ultramafic unit.

Neometals expanded its footprint in the Lake Eaton area entering into an option agreement on 29 August 2019 for two tenements (E15/1553 and P15/6092) in close proximity to the Cassini Mine. This increased Neometals focus on the Lake Eaton area with air core drilling in the December 2019 quarter on mining leases M15/45, M15/46, M15/77 and M15/79 and the company electing to exercise its option on E15/1553 and P15/6902. Results confirmed the prospectivity of the area with widespread nickel encountered albeit not in economic quantities from work completed to date.

Work on exploration licence E15/1553 and prospecting licence P15/6092 commenced immediately with an 8 hole RC program and geophysics. Infill RC drilling on the Armstrong Mineral Resource (mining lease M15/99) was also carried out during the December 2019 quarter.

Surface seismic survey techniques were trialled on the Lake Eaton, Percy and E15/1553 areas during the March 2020 quarter. During the September 2020 quarter, drill programs comprising both RC and diamond were undertaken both at Lake Eaton and at 132 North. Work also commenced on preliminary mining studies on four short lead time deposits (Armstrong, Widgie Townsite, Gillet and 132N).

During the March 2021 quarter, drilling at Lake Eaton continued with follow up electromagnetic surveys. As part of the mining studies preliminary sighter metallurgical test work identified the presence of and successful deportment of precious metals from the nickel mineralisation at Armstrong. This highlighted the disparity in PGM assays within the drill hole database for the entire Mt Edwards Project presenting a new opportunity.

During Neometals' ownership of the Mt Edwards Project, progressive growth in the nickel Mineral Resource base has occurred from an initial Mineral Resource of 48,200 tonnes to 162,560 tonnes of contained nickel through acquisition of key projects, infill and extensional drilling and review and refining of datasets to increase the size and confidence in the project.

Mineral Resources

The Mt Edwards Project represents one of the largest known unmined nickel sulphide Mineral Resource in Australia, currently comprising 10.22 Mt at 1.6% Ni for 162,560 Ni tonnes. Importantly it is located in a region hosting a number of significant producing nickel mines and with significant downstream processing infrastructure nearby. The BHP Kambalda concentrator is located approximately 40km to the north east of the Mt Edwards Project.

Table 1 – Nickel Mineral Resource estimates for the deposits comprising the Mt Edwards Project¹

Deposit	Indicated		Inferred		Total Mineral Resources		
	Tonnes (kt)	Grade (% Ni)	Tonnes (kt)	Grade (% Ni)	Tonnes (kt)	Grade (% Ni)	Contained (t Ni)
Widgie 3 ^{3, 12}	-	-	626	1.5	626	1.5	9,160
Gillett ⁶	-	-	1,306	1.7	1,306	1.7	22,500
Widgie Townsite ¹⁰	1,183	1.7	1,293	1.5	2,476	1.6	39,300
Munda ⁴	-	-	320	2.2	320	2.2	7,140
Mt Edwards 26N ¹¹	-	-	871	1.4	871	1.4	12,400
132N ⁷	34	2.9	426	1.9	460	2.0	9,050
Cooke ^{2, 12}	-	-	154	1.3	154	1.3	2,000
Armstrong ⁵	526	2.1	107	2.0	633	2.1	13,200
McEwen ⁹	-	-	1,133	1.4	1,133	1.4	15,340
McEwen Hangingwall ⁹	-	-	1,916	1.4	1,916	1.4	26,110
Zabel ^{8, 9}	272	1.9	53	2.0	325	2.0	6,360
Total	2,015	1.9	8,205	1.5	10,220	1.6	162,560

Notes:

1. Mineral Resources quoted using a 1% Ni block cut-off grade, except Munda at 1.5% Ni. Small discrepancies may occur due to rounding.
2. Refer to Neometals' ASX announcement dated 19 April 2018 titled 'Mt Edwards JORC Code (2012 Edition) Mineral Resource 48,200 Nickel Tonnes'.
3. Refer to Neometals' ASX announcement dated 25 June 2018 titled 'Mt Edwards Project Mineral Resource Over 120,000 Nickel Tonnes'.

4. Refer to Neometals' ASX announcement dated 13 November 2019 titled 'Additional Nickel Mineral Resource at Mt Edwards'.
5. Refer to Neometals' ASX announcement dated 16 April 2020 titled '60% Increase in Armstrong Mineral Resource'.
6. Refer to Neometals' ASX announcement dated 26 May 2020 titled 'Increase in Mt Edwards Nickel Mineral Resource'.
7. Refer to Neometals' ASX announcement dated 6 October 2020 titled '132 Nickel Mineral Resource and Exploration Update at Mt Edwards'.
8. Refer to Neometals' ASX announcement dated 23 December 2020 titled 'Zabel Nickel Mineral Resource Update at Mt Edwards'.
9. Refer to Neometals' ASX announcement dated 29 June 2021 titled 'McEwen Resources at Mt Edwards Increase 45% to 41.5kt Contained Nickel'.
10. Refer to Neometals' ASX announcement dated 29 June 2021 titled 'Updated Widgie Townsite Nickel Mineral Resources at Mt Edwards'.
11. Refer to Neometals' ASX announcement dated 30 June 2021 titled 'Updated 26 North Resources at Mt Edwards Increase by 51%'.
12. Refer to Neometals' ASX announcement dated 7 July 2021 titled 'Review of Nickel Mineral Resources at Mt Edwards Complete'.

History of operations

The Mt Edwards Project area was first explored and developed by the International Nickel Company (**INCO**) and WMC in the 1970's with mine development commencing with the Mt Edwards (26N) shaft mine, being the first operation established.

The Mt Edwards (26N) shaft was initially developed by INCO in 1970 to 1972. Production under WMC ownership was subsequently undertaken in two phases, initially 1980 to 1986 then the mine was closed and reopened in 1989 with the development of a decline access which ultimately saw approximately 954,578 tonnes at 2.72% nickel mined. The operation ceased in 1994.

The 132N deposit was developed as an open pit mine and mined 32,174 tonnes of ore by a conventional open pit operation with the completion of mining in 1990, but was subsequently reopened and the pit deepened in 2008 mining a further 31,085 tonnes of nickel ore extracted.

The other historical operation within the Mt Edwards Project is the Widgie 3 deposit which is located within the Widgiemooltha Central project area. The Widgie 3 project comprises a modest open pit with a shaft mined in the late 1980's from the pit bottom with total production of 82,661 tonnes at 2.17% Ni.

The Armstrong Project was approved in April 2004 and became operational in mid-2004, with ore to be processed in the BHP Kambalda Concentrator. The project operations were subsequently suspended shortly after first ore was delivered due to a failure of the ore meeting the agreed contractual supply specifications. The project was placed on care and maintenance in December 2004 but recommenced in 2007 under new ownership, with open pit mining ceasing early in 2008.

This, along with the open pit mining at 132 North, was the most recent mining activity at the Mt Edwards Project under the ownership of Consolidated Minerals Limited with mining ending in April 2008.

All ore was processed at the BHP concentrator, located at Kambalda, to the south of Kalgoorlie.

Deposit overviews

There are currently 11 nickel deposits with published resources which make up the Mt Edwards Project nickel metal inventory.

(a) Widgie 3

Located on M15/94, Widgie 3 is located 3 km to the south of the Widgiemooltha township, approximately 300 metres due west of Gillett.

Widgie 3 has been mined both by open pit methods and subsequently via a shaft access underground operation from the pit bottom.

Widgie 3 remains open at depth and along strike.

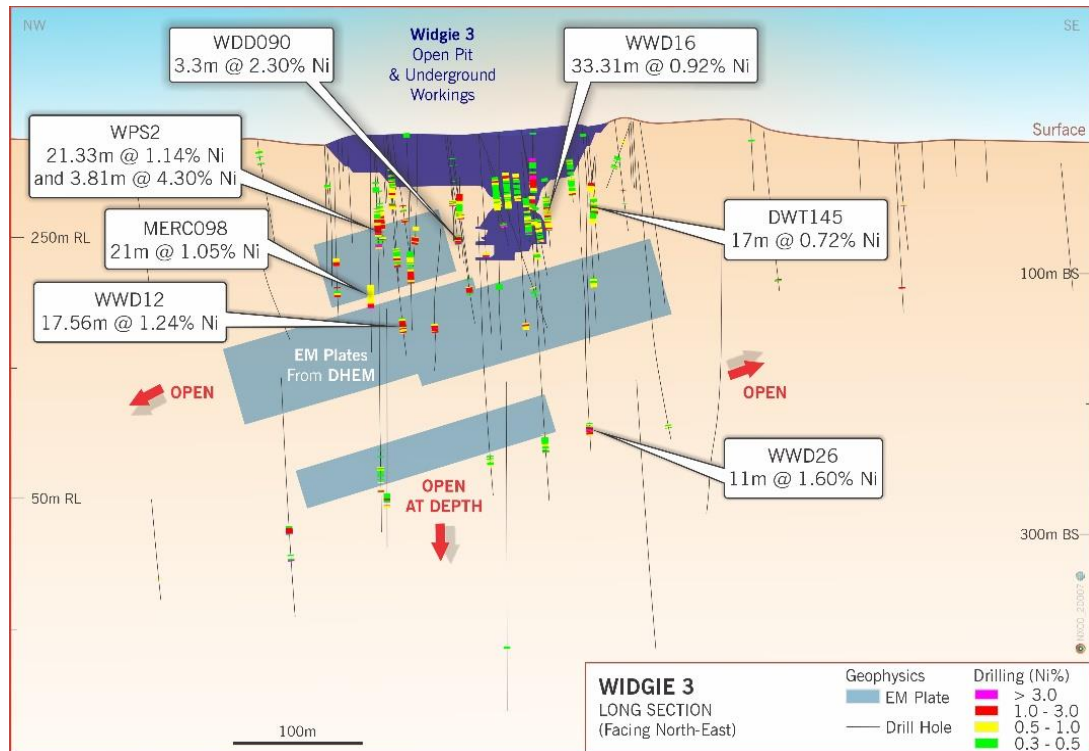


Figure 6 | Long Section of Widgie 3 showing drill intercepts and EM plates

(b) Gillett

Located on M15/94, Gillett is the most recently discovered mineralisation at the Mt Edwards Project, discovered in 2006, despite its close proximity to both Widgie 3 and the Widgie Townsite. This in part is due to the fact there is no surface expression of the mineralisation.

It remains open in all directions and presents as an excellent mining opportunity potentially able to be exploited in conjunction with Widgie 3 and the Widgie Townsite.

Widgie Nickel retains nickel rights on the mining tenement which is held by Mincor.

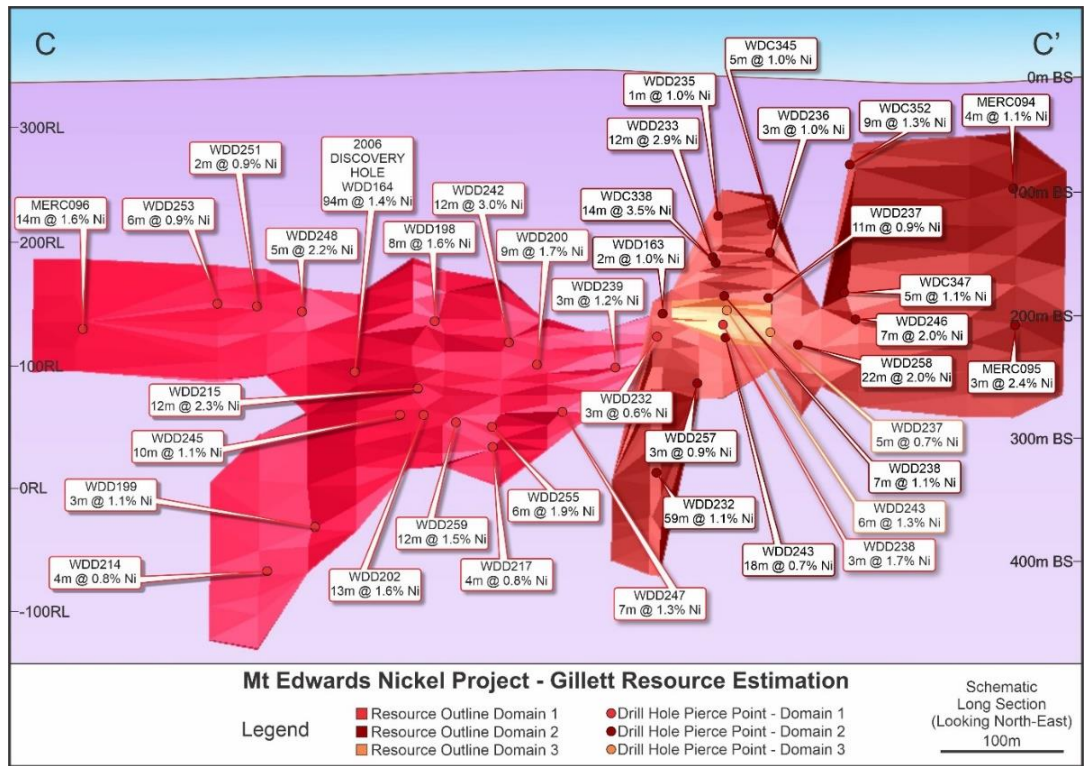


Figure 7 | Long Section of Gillett showing drill hole intercepts

(c) Widgie Townsite

The Widgie Townsite nickel deposit is on tenement M15/94, located 1.2 km south-southwest of Widgiemooltha. It is 2 km north of the recently discovered Gillett deposit and the previously mined Widgie 3 mine.

It was discovered by the Anaconda/CRA Joint Venture in 1967 to 1968 through gossan sampling and subsequent drilling and has progressively grown in size under different ownership since its discovery whilst remaining open at depth.

Despite its significant nickel endowment, being the largest body of nickel mineralisation identified to date it remains unmined.

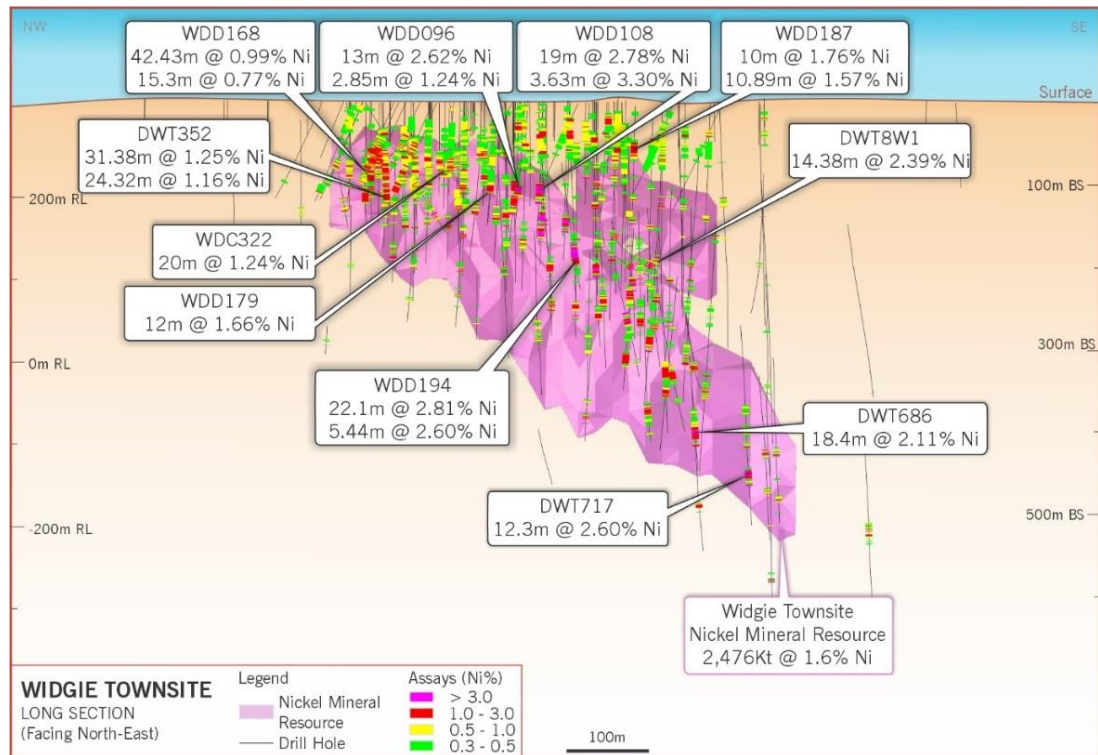


Figure 8 | Long section of Widgie Townsite looking North east

(d) Munda

Munda was discovered in 1970. The nickel mineralisation in Munda occurs coincident with a gold mineralisation presenting the potential for mining both commodities concurrently.

Munda is located on M15/87 with Widgie Nickel holding the nickel and lithium rights. Auric retains gold rights and is the tenement holder.

A modest open pit remains, a legacy from previous mining, to exploit the gold resource.

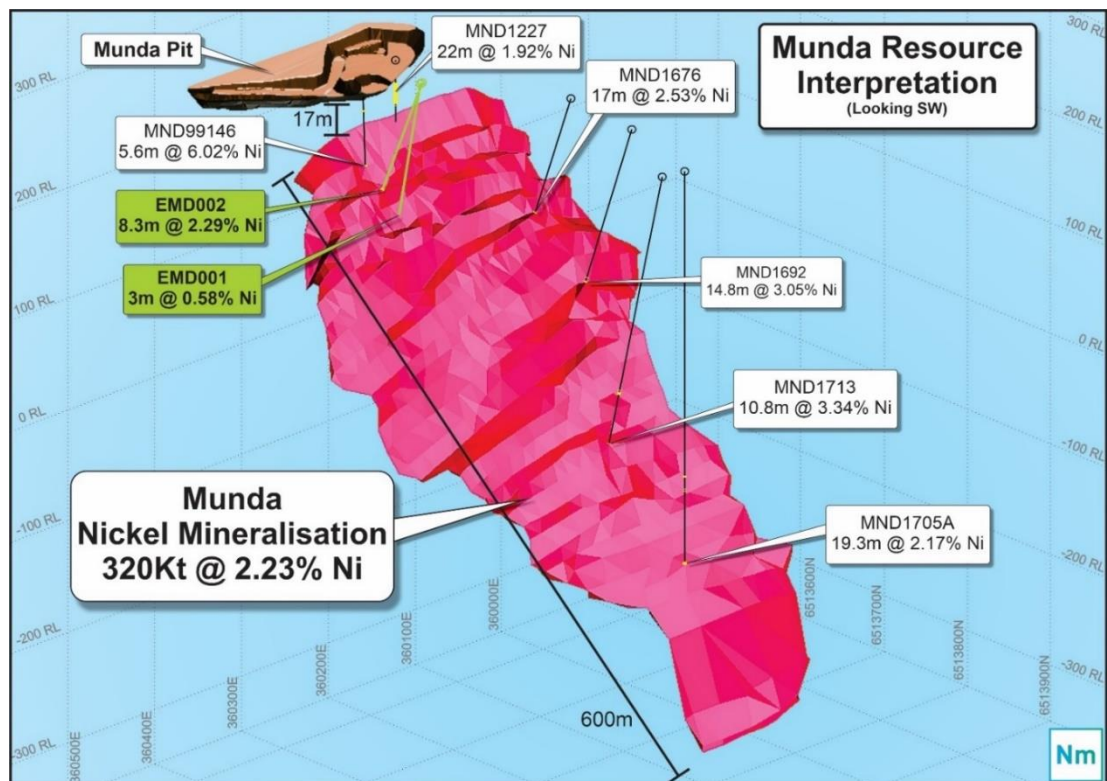


Figure 9 | Oblique view of Munda mineralised zone

(e) Mt Edwards (26N)

Located on M15/102, the deposit was discovered in 1969. Over the ensuing two years, eight separate nickel sulphide occurrences were identified in the area, of which Mt Edwards 26N (26N) was the most significant.

An exploration shaft was sunk by INAL/BHP in 1970, but no production was recorded. The mine was placed on care and maintenance in August 1972.

WMC exercised their option to purchase the Widgiemooltha tenements off INAL/BHP in April 1981, following 18 months of exploration work for both gold and nickel during the option period.

The 26N mineralisation occurs on the western limb of the north plunging Mt Edwards anticline, at or near the base of a series of ultramafic flows which overlie a footwall basaltic sequence.

The mineralised zone is sub-vertical to steep west dipping and plunges steeply to the north. It has a maximum strike length of 220 metres, and extends to at least 550 metres below surface.

Mining episodes targeting higher grades have left only lower grade hanging wall mineralisation remaining to a depth of 500 metres below surface. Electromagnetic (EM) targets have been identified at depth which remain to be explored.

Widgie Nickel is the underlying tenement holder with Maximus Resources Ltd holding gold rights.

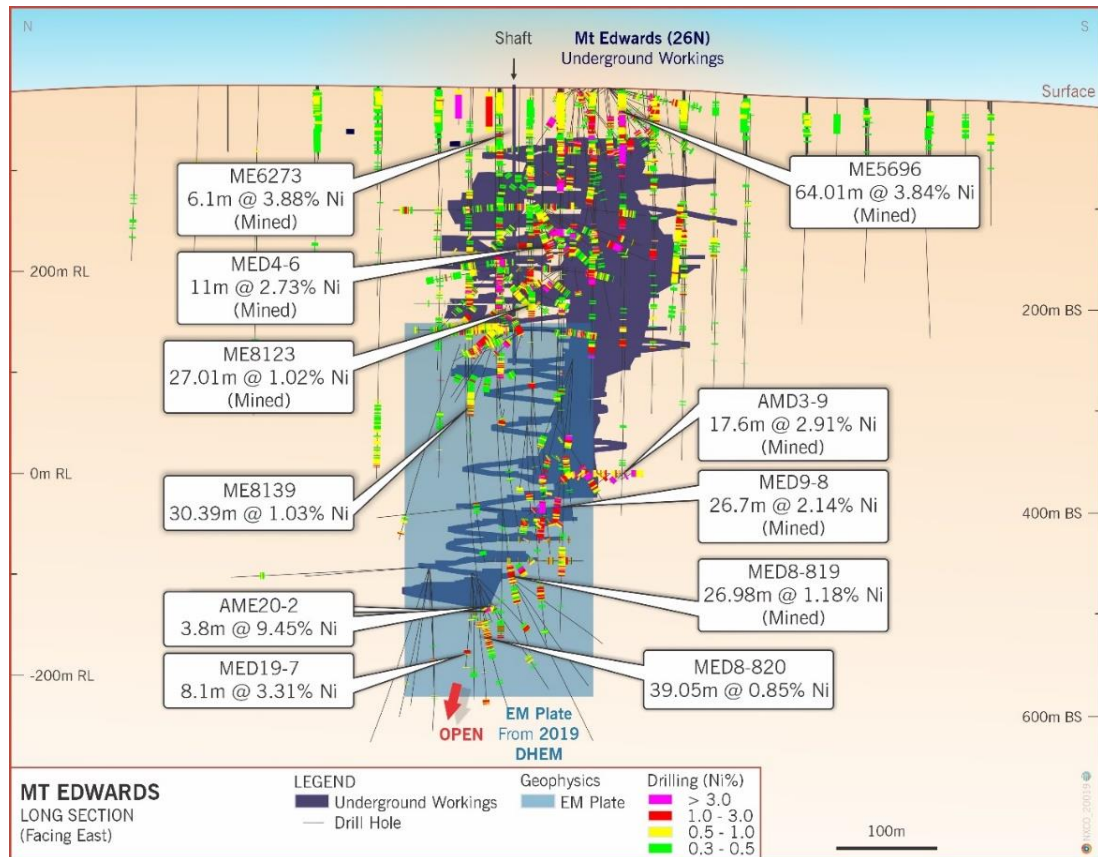


Figure 10 | Long section of Mt Edwards (26N) and mine workings (looking east)

(f) 132 North

The 132 North (**132N**) nickel deposit is located on tenement M15/101, 6 km north-east of Widgiemooltha. Widgie Nickel holds the tenement with gold rights in favour of Maximus Resources Ltd.

132N has been mined previously in two episodes. WMC in 1993 to 1996 mining 32,174 tonnes at 3.54% and in 2007 to 2008 by Consolidated Minerals mining a pit cutback yielding 31,085 tonnes at 2.3%.

Potential exists for a further cutback or alternatively underground access to exploit mineralisation plunging in a northerly direction.

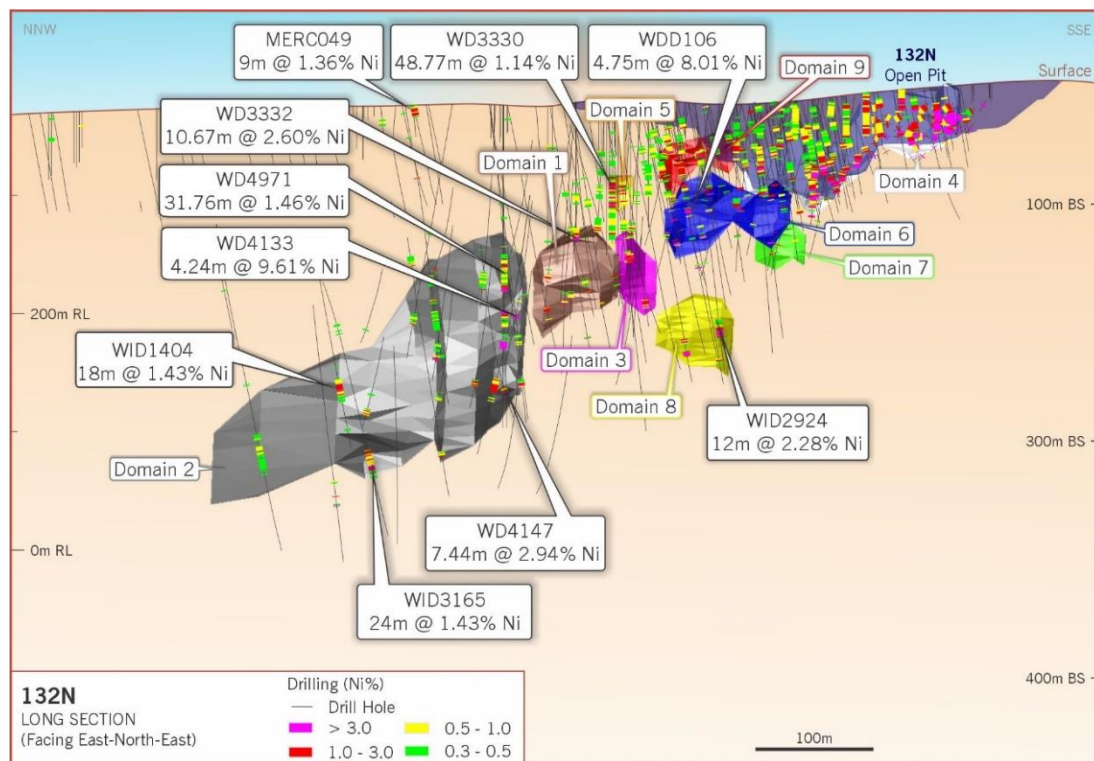


Figure 11 | Long section of 132N looking east

(g) Cooke

Discovered in 1968, the Cooke deposit is located on M15/101, a tenement held by Widgie Nickel with the gold rights assigned to Maximus Resources Ltd. The deposit has not been mined previously. Potential exists for a portion of the mineralisation to be exploited by open pit methods. Mineralisation remains open at depth.

(h) Armstrong

Armstrong was discovered in 1980. It is located on M15/99 which Widgie Nickel is the tenement holder with Maximus Resources Ltd retaining gold rights.

Having been previously mined by open pit methods, a high grade underground resource remains below the open pit. The mine remains on "care and maintenance" status capable of a rapid restart.

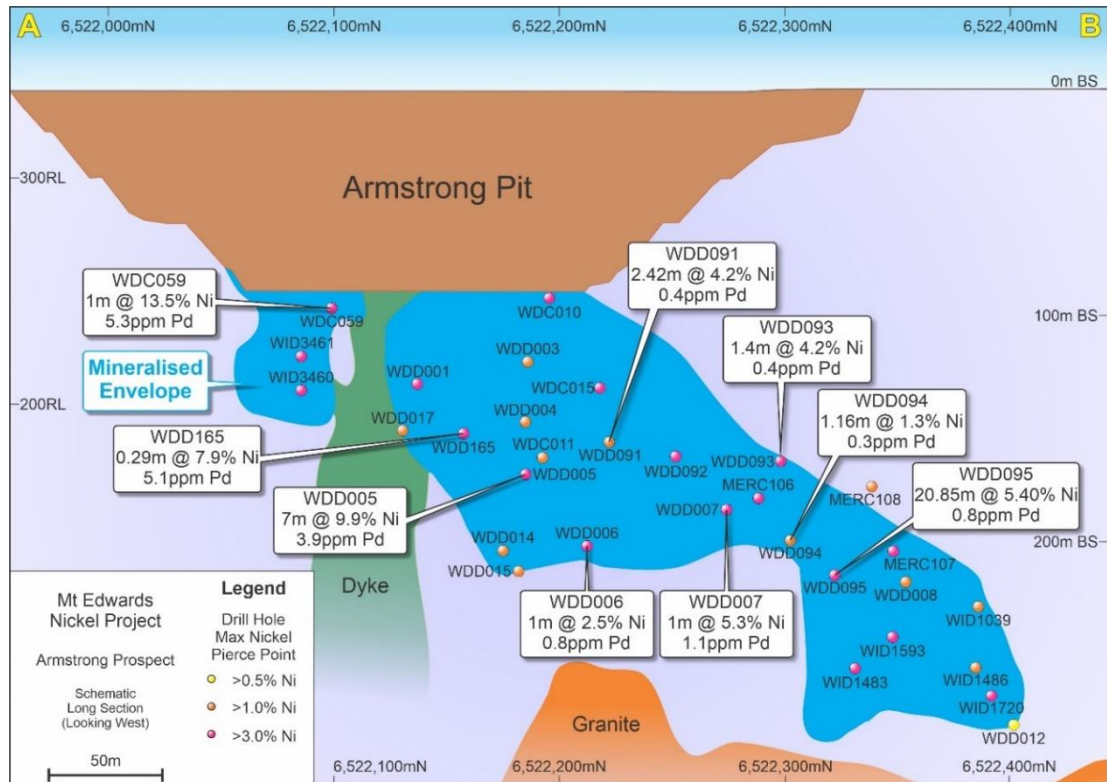


Figure 12 | Long section of Armstrong mineralisation looking west

(i) **McEwen and McEwen Hangingwall**

The McEwen and McEwen Hangingwall deposits are located on M15/653.

McEwen was discovered in 1968 and is a large lower grade body of mineralisation that envelopes the Mt Edwards anticline hinge (ie has mineralisation on both sides of the anticline).

Widgie Nickel is the tenement holder with Maximus Resources Ltd retaining gold rights.

McEwen remains unmined with the potential to grow through more exploration.

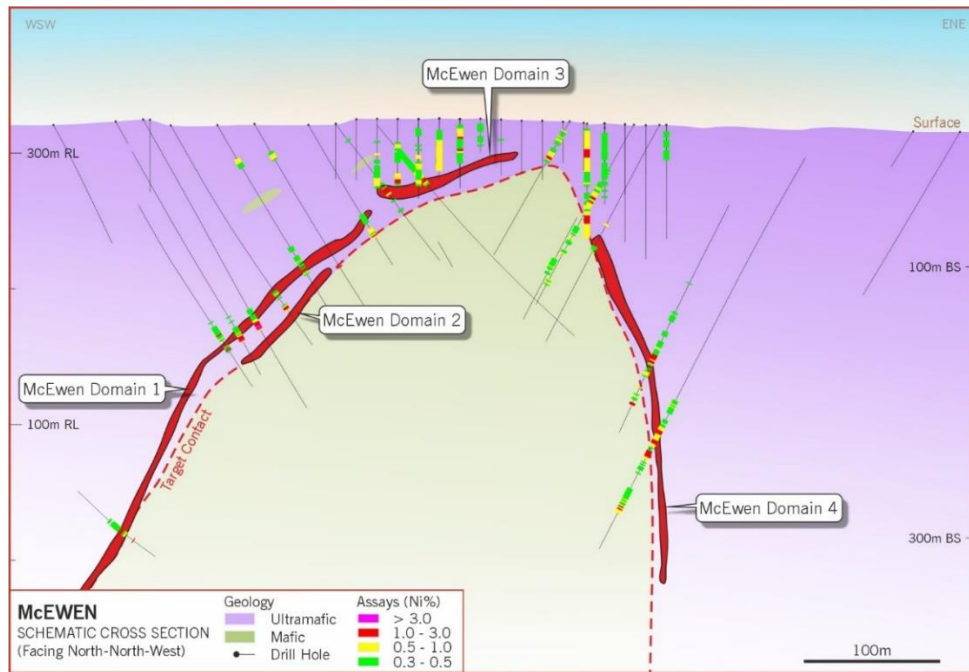


Figure 13 | McEwen cross section looking north

Discovered in 1968, McEwen Hangingwall is a very large lower grade body of mineralisation located immediately to the north of McEwen comprising disseminated to matrix mineralisation. It is called “Hangingwall” because the mineralisation lies off the mafic/ultramafic contact some 30 to 80 metres into the “hangingwall” ultramafic.

The unmined deposit remains open at depth.

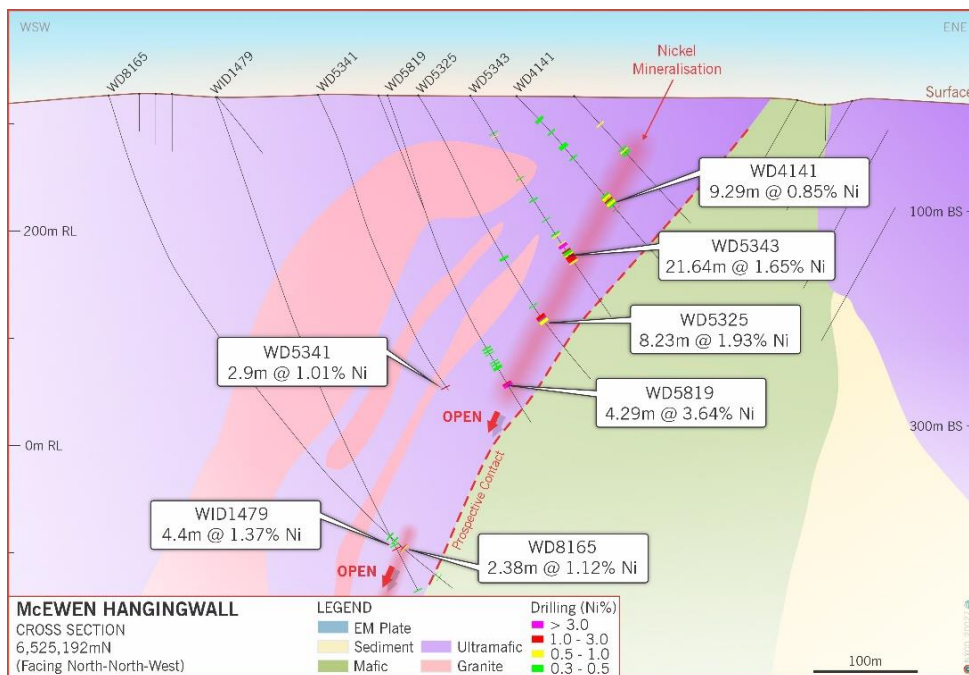


Figure 14 | McEwen Hangingwall cross section

(j) Zabel

Discovered in 1967, Zabel is located on M15/97. Widgie Nickel is the tenement holder with Maximus Resources Ltd retaining gold rights.

Zabel remains unmined with outcrop on surface. It possesses higher grade mineralisation and is open at depth thus able to expand with further drilling.

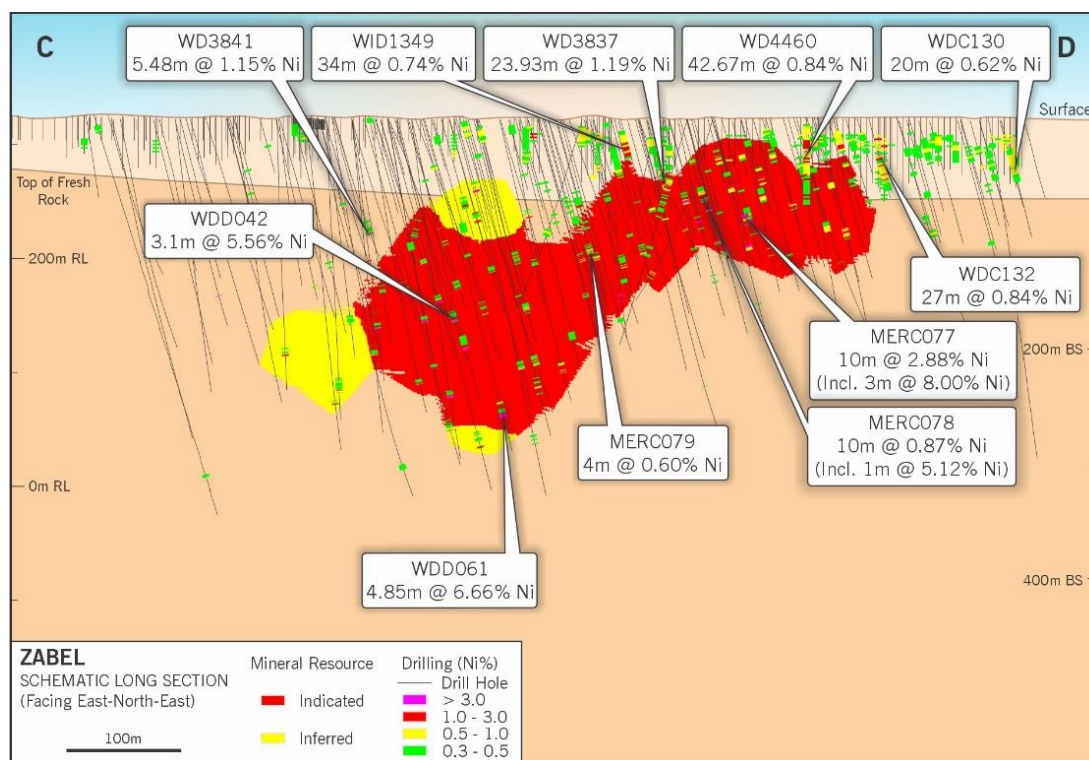


Figure 15 | Long section of Zabel showing drill hole traces and resource outline

2.8 Plans for Widgie Nickel following completion of the Proposed Transaction

Following completion of the Proposed Transaction, the activities of Widgie Nickel are intended to be:

- to continue to progress exploration and development of work programs at the Mt Edwards Project, and evaluate the technical feasibility and economic viability of mining its Mineral Resources; and
- to pursue other opportunities that the Widgie Nickel Board considers appropriate.

The information contained in this Section in respect of the potential future prospects of Widgie Nickel should be read together with the risk factors set out in Schedule 4.

2.9 Capital Reduction

Neometals seeks Neometals Shareholder approval under the Resolution to enable Neometals to reduce its capital by an amount equivalent to the market value of 130,000,000 Widgie Nickel

Shares less a Demerger Dividend (if any), to be satisfied by the distribution and transfer of 130,000,000 Widgie Nickel Shares to Eligible Neometals Shareholders registered as such on the In-Specie Distribution Record Date in proportion to their respective holdings of Neometals Shares as at that date.

The Corporations Act and the Listing Rules set out the procedure and timing for a capital reduction. Refer to Section 1.7 of the Explanatory Memorandum for an indicative timetable in respect of the Capital Reduction and In-Specie Distribution.

Assuming that the Demerger Conditions are met and that Neometals proceeds with the Capital Reduction and In-Specie Distribution, the In-Specie Distribution Record Date to determine entitlements of Neometals Shareholders to participate in the In-Specie Distribution is 24 August 2021.

If the Capital Reduction and In-Specie Distribution proceeds, Eligible Neometals Shareholders will receive their pro rata entitlement from a total of 130,000,000 Widgie Nickel Shares and each Eligible Neometals Shareholder's name will be entered on the register of members of Widgie Nickel with each Eligible Neometals Shareholder having deemed to have consented to becoming a Widgie Nickel Shareholder and being bound by the Widgie Nickel Constitution.

An Eligible Neometals Shareholder's entitlement to Widgie Nickel Shares to be distributed is to be based on the number of Neometals Shares held at the In-Specie Distribution Record Date.

Ineligible Neometals Shareholders will have their pro rata entitlement of Widgie Nickel Shares sold by the Nominee with the net proceeds of sale remitted to the relevant Ineligible Neometals Shareholder. Refer to Section 2.24 for further details.

Assuming there are 548,376,396 Neometals Shares on issue as at the In-Specie Distribution Record Date, the ratio of the In-Specie Distribution will be approximately 1 Widgie Nickel Share for every 4.218 Neometals Shares held.

Other than as shareholders of Neometals or as otherwise set out in this Explanatory Memorandum, none of the Neometals Directors have any interest in the Resolution.

2.10 Pro forma financial position of Neometals and Widgie Nickel upon completion of the In-Specie Distribution and Entitlement Offer

A pro forma historical consolidated statement of financial position for Neometals following completion of the In-Specie Distribution and Entitlement Offer is set out in Schedule 2.

A pro forma historical consolidated statement of financial position for Widgie Nickel, reflecting completion of the In-Specie Distribution and Entitlement Offer is set out in Schedule 3.

The financial information contained in Schedule 2 and Schedule 3 has been prepared by Neometals in relation to the In-Specie Distribution and Entitlement Offer. The financial information presented in Schedule 2 and Schedule 3 should be read in conjunction with the risk factors set out in Schedule 4 and other information in this Explanatory Memorandum.

2.11 Advantages and disadvantages of the Proposed Transaction

Advantages

The Neometals Directors consider that the Proposed Transaction will have the following advantages for Neometals and Neometals Shareholders:

- For personal use only
- (a) The Proposed Transaction provides Neometals with a clearer focus and corporate strategy aligned with its Sustainable Future Portfolio.
 - (b) The Proposed Transaction provides Neometals Shareholders with shares in two companies, Neometals and Widgie Nickel, which the Neometals Board believes has a better prospect of delivering greater value to Neometals Shareholders than both the Mt Edwards Project and the Sustainable Future Portfolio being owned by Neometals.
 - (c) Neometals Shareholders may elect to retain exposure to either one or both companies as dictated by their investment preferences and objectives.
 - (1) All Eligible Neometals Shareholders will retain an interest in the Mt Edwards Project through their individual pro rata shareholdings in Widgie Nickel and thereby have an opportunity to benefit from the development of the Mt Edwards Project; and
 - (2) All Neometals Shareholders will retain their current percentage ownership interest in the capital of Neometals and exposure to the Sustainable Future Portfolio.
 - (d) The In-Specie Distribution will deliver a structure that will allow Widgie Nickel to focus specifically on advancing the Mt Edwards Project and that will allow Neometals to focus its efforts on the Sustainable Future Portfolio, with neither Widgie Nickel nor Neometals affected by events or occurrences relating to the other's projects.
 - (e) The Neometals Board sees considerable underlying value in the Mt Edwards Project that is not currently being valued by the market and, therefore, a dedicated fully funded vehicle may achieve appropriate values.
 - (f) Future capital raisings are expected to be more readily achieved by each individual entity as the specific focus of the funding will be on either Neometals' Sustainable Future Portfolio or Widgie Nickel's Mt Edwards Project. In addition, the In-Specie Distribution is expected to provide greater flexibility to both Neometals and Widgie Nickel to attract strategic investors.
 - (g) After a full and proper assessment of all available information, the Neometals Directors believe that the In-Specie Distribution is in the best interests of Neometals Shareholders.

Disadvantages

The Neometals Directors consider that the Proposed Transaction will have the following disadvantages for Neometals and Neometals Shareholders:

- (a) Neometals will incur costs associated with the In-Specie Distribution and Entitlement Offer (some of which will initially be incurred by Neometals), including, but not limited to:
 - (1) legal, accounting and advisory fees incurred in the preparation of documentation required to give effect to the In-Specie Distribution and Entitlement Offer; and
 - (2) tax advice obtained in relation to any taxation consequences of the In-Specie Distribution.
- (b) Neometals Shareholders may incur additional transaction costs if they wish to dispose of their Widgie Nickel Shares (eg brokerage costs);

- (c) There are a number of potential disadvantages arising from Widgie Nickel seeking further funding. These include, but are not limited to:
- (1) potential for dilution of Widgie Nickel Shareholders' shareholdings via the Entitlement Offer; and
 - (2) uncertainty regarding Widgie Nickel's ability to raise required future funding independently of Neometals.
- (d) Assuming completion of the In-Specie Distribution, there will be two separate companies that will require funding and will incur ongoing administrative costs which in some instances may lead to duplication.
- (e) Assuming completion of the In-Specie Distribution, there is no guarantee that the conditions to the Entitlement Offer will be satisfied and, even if the conditions are satisfied, there is no guarantee that the Widgie Nickel Shares will commence quotation on ASX.

2.12 Failure to achieve completion of the Capital Reduction and In-Specie Distribution

If the Capital Reduction and In-Specie Distribution does not proceed, Neometals Shareholders will not receive any Widgie Nickel Shares and Neometals will continue to hold the Mt Edwards Project.

Neometals will continue to focus its resources on developing all of its projects, but failure to achieve completion of the In-Specie Distribution may give rise to capital funding priority tension with risk of a relatively reduced level of expenditure on the Mt Edwards Project by Neometals, or delay to the development of the Mt Edwards Project. In these circumstances, Neometals may also look for additional joint venture, farm-in or minerals rights sharing opportunities to assist with development funding for the Mt Edwards Project and contribution to the ongoing holding costs of the assets.

2.13 Entitlement Offer

If the Demerger Conditions are satisfied and Neometals proceeds with the Capital Reduction and In-Specie Distribution then Widgie Nickel intends to:

- undertake the Entitlement Offer to existing Widgie Nickel Shareholders with a registered address in Australia or New Zealand on the Entitlement Offer Record Date via a fully underwritten, non-renounceable pro rata entitlement offer of 120,000,000 Widgie Nickel Shares at an issue price of \$0.20 per Widgie Nickel Share to raise \$24 million (before costs) under a prospectus (**Widgie Nickel Prospectus**); and
- seek admission to the Official List of ASX and apply for quotation of all Widgie Nickel Shares on ASX.

The lead manager and intended underwriter to the Entitlement Offer will be Euroz Hartleys Limited (**Euroz Hartleys** or the **Lead Manager**).

Neometals notes that Widgie Nickel Shares will not be quoted on ASX pursuant to the Prospectus lodged with ASIC on 20 July 2021 in conjunction with this Notice of Meeting. In order for the Widgie Nickel Shares to commence trading on ASX, Widgie Nickel will be required to lodge the Widgie Nickel Prospectus in accordance with section 710 of the Corporations Act, which it expects to do shortly following the EGM if Neometals Shareholder approval for the Capital Reduction and In-Specie Distribution is obtained.

An application for admission of the Widgie Nickel Shares to quotation on ASX will be made within 7 days after the date of the Widgie Nickel Prospectus. However, Eligible Neometals Shareholders must note the Widgie Nickel Shares will not commence trading unless the following conditions to the Entitlement Offer are satisfied:

- Widgie Nickel raising \$24 million under the Entitlement Offer pursuant to the Widgie Nickel Prospectus; and
- Widgie Nickel receiving a letter from ASX confirming that ASX will admit Widgie Nickel to the Official List of ASX, subject to the satisfaction of certain terms and conditions acceptable to Widgie Nickel.

Eligible Neometals Shareholders should note that there is no guarantee that the conditions will be satisfied, and even if the above conditions are satisfied, there is no guarantee that the Widgie Nickel Shares will commence quotation on ASX. If the conditions to the Entitlement Offer are not satisfied then the Entitlement Offer will not proceed, Widgie Nickel will repay all application monies received (without interest) under the Entitlement Offer in accordance with the Corporations Act, and the Widgie Nickel Board will consider alternative means of capital raising and listing on ASX.

If Widgie Nickel has not been admitted to the Official List of ASX by 31 October 2021 then Neometals intends to provide Widgie Nickel with an appropriate level of short term financial support on arm's length terms to ensure that Widgie Nickel is in a position to meet its financial liabilities and obligations for a reasonable period in order to pursue alternate capital raising options.

Further information on Widgie Nickel and the Entitlement Offer will be available in the Widgie Nickel Prospectus.

Neometals Shareholders should note that the proposed structure and terms of the Entitlement Offer are, at the date of this Notice of Meeting, indicative only and that Widgie Nickel reserves the right to amend the proposed structure and terms (including offering a larger or smaller number of shares in Widgie Nickel). Neometals will keep Neometals Shareholders updated in respect of the Entitlement Offer.

2.14 Widgie Nickel Board and key management personnel

Board of directors

Profiles of each member of the proposed board of directors of Widgie Nickel (**Widgie Nickel Board**) are set out below:

Director	Experience, qualifications and expertise
Andrew Parker Chairman	<p>Mr Parker holds a Bachelor of Laws (LLB) degree from the University of Western Australia and has significant experience in the exploration and mining industry and a wealth of expertise in corporate advisory, strategic consultancy and capital raisings.</p> <p>Mr Parker previously held various senior management roles, such as Director of Stadia Capital (AFSL#342716) and co-founder of Trident Capital Pty Ltd (AFSL#292674), a corporate advisory and venture capital firm where he held the position of Managing Director until 2008. In both instances Mr Parker was the Responsible Manager under the relevant AFSL.</p>

Mr Parker also held senior legal roles, such as General Counsel of previously ASX listed B Digital Ltd, Senior Associate of Price Sierakowski and Senior Associate of Summers Partners.

Mr Parker has held board positions with a number of ASX listed companies and is currently a Non-Executive Director of Boab Metals Limited (ASX:BML).

**Johannes Stig
(Steve) Norregaard**

Managing Director

Mr Norregaard is an experienced resources industry executive, company director, and mining engineer with over 25 years of experience in executive and operational roles.

He has previously worked in mine contracting as well as for mine owners, in both open cut and underground operations, exploiting commodities including nickel, gold, base metals and coal.

Mr Norregaard previously held senior management roles with ASX and TSX listed companies. He was the Managing Director at ASX listed companies Red 5 Limited (ASX:RED) and Tectonic Resources Limited (ASX:TTR).

More recently, Mr Norregaard was Director of Operations of Westgold Resources Ltd (ASX:WGX).

Mr Norregaard has worked within Australia, Canada and South-East Asia.

Scott Perry

Independent Non-Executive Director

Mr Perry has a Bachelor of Engineering from the West Australian School of Mines and more than 25 years experience in commercial, mining, and process engineering roles. This includes over 10 years experience with BHP Nickel West Pty Ltd.

Mr Perry is currently a Director of Process Engineering Australia Pty Ltd, an engineering, commercial and marketing consulting business focused in the mining, industrial chemicals and agricultural sectors. He is also a board member of Pollinators Inc, a member-based social enterprise, which uses a mix of earned revenue and grant funding to achieve a social mission to grow innovative regional communities while remaining financially resilient.

Felicity Repacholi-Muir

Independent Non-Executive Director

Ms Repacholi-Muir is a broad-based professional geologist with 19 years of experience as a geologist, manager and consultant within the field of mineral exploration and resource development.

She has experience in a range of mineral commodities and has been part of the exploration team responsible for the discovery and delineation of several economic orebodies.

Ms Repacholi-Muir was previously the Founding Non-Executive Director of Whitestar Resources Ltd (ASX:WSR).

She is currently a Non-Executive Director of Indiana Resources Limited (ASX:IDA) and Recharge Metals Limited (which is undertaking an initial public offering).

Key management personnel

Profiles of the key members of Widgie Nickel's management team are set out below.

Member	Experience, qualifications and expertise
Johannes Stig (Steve) Norregaard Managing Director	See above.
Andrew Graeme Scott Chief Financial Officer and Company Secretary	<p>Mr Scott is a fellow of the Association of Chartered Certified Accountants (UK) with more than 20 years of experience in professional and corporate roles.</p> <p>Mr Scott has spent the last 16 years working as CFO in the resources sector, and as dual CFO and Company Secretary for both ASX and TSX listed companies.</p> <p>More recently, Mr Scott was CFO and Company Secretary of ASX listed Peak Resources Limited (ASX:PEK).</p> <p>Mr Scott has worked in both Australia and the United Kingdom.</p>

2.15 Disclosure to ASX

Neometals, as an entity with shares quoted on the Official List of ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure requirements. Copies of documents lodged in relation to Neometals can be accessed from either the ASX Market Announcements Platform or Neometals' website.

2.16 Risk factors

On successful completion of the In-Specie Distribution, Eligible Neometals Shareholders will become shareholders in Widgie Nickel and should be aware of the general and specific risk factors which may affect Widgie Nickel and the value of its securities. These risk factors are set out in Schedule 4.

2.17 Effect of proposed Capital Reduction and In-Specie Distribution on Neometals

The principal effects of the Capital Reduction and In-Specie Distribution on Neometals will be:

- no material change in cash reserves;
- minimal change in net assets;
- Neometals' share capital will reduce by an amount equivalent to the market value of all the fully paid ordinary shares in Widgie Nickel, less a Demerger Dividend (if any).

2.18 Neometals Directors' interests

The table below sets out the number of securities in Neometals held by the Neometals Directors as at the date of the Notice of Meeting.

Neometals Directors' interests in Neometals

Name	Neometals Shares	Neometals Performance Rights
Steven Cole – Independent Chairman	1,890,160	Nil
Les Guthrie – Independent Non-Executive Director	205,267	Nil
Dr Jennifer Purdie – Independent Non-Executive Director	298,372	Nil
Douglas Ritchie – Independent Non-Executive Director	184,819	Nil
David Reed – Non-Executive Director	39,588,900	Nil
Dr Natalia Streltsova – Independent Non-Executive Director	184,819	Nil
Chris Reed – Managing Director & Chief Executive Officer	7,375,460	3,056,843

The table below sets out the number of Widgie Nickel Shares the Neometals Directors are likely to have an interest in if the Resolution is passed and implemented.

Neometals Directors' interests in Widgie Nickel

Name	Widgie Nickel Shares ¹
Steven Cole – Independent Chairman	448,117
Les Guthrie – Independent Non-Executive Director	48,664
Dr Jennifer Purdie – Independent Non-Executive Director	70,737
Douglas Ritchie – Independent Non-Executive Director	43,816
David Reed – Non-Executive Director	9,385,704
Dr Natalia Streltsova – Independent Non-Executive Director	43,816

Notes:

1. Assuming a 1 for 4.218 ratio for the In-Specie Distribution for illustrative purposes only. It is not clear at the date of this Notice of Meeting what the exact ratio for the In-Specie distribution will be, which will be determined by the number of Neometals Shares on issue at that time.

2.19 Effect of proposed In-Specie Distribution on Neometals Shareholders

What will you receive?

If the In-Specie Distribution is implemented, Eligible Neometals Shareholders will receive an in-specie return of capital by way of the distribution and transfer of Widgie Nickel Shares in proportion to the number of Neometals Shares held by them at the In-Specie Distribution Record Date.

Eligible Neometals Shareholders are not required to contribute any payment for the Widgie Nickel Shares which they are entitled to receive under the In-Specie Distribution.

What is the impact on your shareholding in Neometals?

The number of Neometals Shares in Neometals that you hold will not change as a result of the In-Specie Distribution.

If the In-Specie Distribution is implemented, the value of your Neometals Shares may change relative to the value held prior to the In-Specie Distribution being implemented due to the removal of the Mt Edwards Project from Neometals' asset portfolio. The size of any change cannot be predicted and will be dependent on the value ascribed to the Mt Edwards Project and the market's perception of the impact (positive, negative or otherwise) of the transaction on Neometals.

Do you have to do anything to receive your Widgie Nickel Shares?

You must be an Eligible Neometals Shareholder on the In-Specie Distribution Record Date in order to receive an entitlement to Widgie Nickel Shares pursuant to the In-Specie Distribution. If the In-Specie Distribution proceeds, you will automatically receive the Widgie Nickel Shares you are entitled to receive (unless you are an Ineligible Neometals Shareholder, in which case you will receive the proceeds), even if you vote against the In-Specie Distribution or do not vote at all.

Can I acquire more Widgie Nickel Shares under the Entitlement Offer?

Yes, Widgie Nickel Shareholders following completion of the In-Specie Distribution may participate in the Entitlement Offer by making a valid application and paying the application monies under the Widgie Nickel Prospectus. However, you will not be entitled to subscribe for additional Widgie Nickel Shares in excess of your entitlement under the Entitlement Offer.

Will I be able to trade my Widgie Nickel Shares?

If the In-Specie Distribution is approved by Neometals Shareholders and is implemented, a holder of Widgie Nickel Shares will be able to sell their Widgie Nickel Shares in the future.

What are the taxation implications of the In-Specie Distribution?

A general guide to the taxation implications of the In-Specie Distribution is set out in Section 2.26 of this Explanatory Memorandum. The description is expressed in terms of the In-Specie Distribution and is not intended to provide taxation advice in respect of particular

circumstances of any Neometals Shareholder. Neometals Shareholders should obtain professional advice as to the taxation implications of the In-Specie Distribution in their specific circumstances.

What will happen if the Resolution is not approved?

In the event that Neometals Shareholders do not approve the Resolution, the In-Specie Distribution will not proceed, the distribution and transfer of Widgie Nickel Shares to Eligible Neometals Shareholders will not occur and the Mt Edwards Project will continue to be held within the Neometals group of companies.

2.20 Additional important information for Neometals Shareholders

Neometals capital structure

The capital structure of Neometals as at the date of the Notice of Meeting is:

Number of Neometals Shares	Number of Neometals Options	Number of Neometals Performance Rights
548,376,396	0	12,991,005

Notes:

- The total number of Neometals Performance Rights comprise:
 - 598,141 employee performance rights which may vest on 31 December 2021 subject to certain retention and performance conditions (conversion ratio into ordinary shares is 1:1);
 - 6,810,702 employee performance rights which may vest on 30 June 2023 or 31 December 2023 subject to certain retention and performance conditions (conversion ratio into ordinary shares is 1:1);
 - 4,782,162 employee performance rights which may vest on 30 June 2022 or 31 December 2022 subject to certain retention and performance conditions (conversion ratio into ordinary shares is 1:1); and
 - 800,000 employee / consultant performance rights which may vest on 30 June 2022 (37.5%) or 30 June 2023 (62.5%).

Widgie Nickel capital structure

As at the date of the Notice of Meeting, Widgie Nickel's issued capital comprises of 130,000,000 fully paid ordinary shares held by Neometals.

The pro-forma capital structure of Widgie Nickel following completion of the In-Specie Distribution and the Entitlement Offer is as follows:

Capital Structure	Prior to In-Specie Distribution	Upon completion of In-Specie Distribution	Upon completion of Entitlement Offer
Number of Widgie Nickel Shares ¹	130,000,000	130,000,000	250,125,000 ²
Number of Widgie Nickel Options	0	0	9,500,000 ³

Notes:

- Assuming \$24 million is raised under the Entitlement Offer.

2. 125,000 Widgie Nickel Shares will be issued to Mr Scott upon admission of Widgie Nickel to the official list of ASX pursuant to the terms of his employment agreement with Widgie Nickel.
3. 7,500,000 Widgie Nickel Options will be issued to Widgie Nickel Directors and key management personnel, and an additional 2,000,000 Widgie Nickel Options will be issued to the Lead Manager, upon admission of Widgie Nickel to the Official List of ASX. The Widgie Nickel Options to be issued to Widgie Nickel Directors and key management personnel will be issued in three equal tranches with the following key terms and conditions:
 - a) Tranche 1: Widgie Nickel Options with an exercise price of \$0.20 with an expiry date of 36 months after listing (vesting 6 months after listing subject to continued service);
 - b) Tranche 2: Widgie Nickel Options with an exercise price of \$0.30 with an expiry date of 36 months after listing (vesting 18 months after listing subject to continued service); and
 - c) Tranche 3: Widgie Nickel Options with an exercise price of \$0.40 with an expiry date of 36 months after listing (vesting 24 months after listing for Steve Norregaard subject to continued service and 30 months after listing for the other Widgie Nickel Directors subject to continued service).

Neometals Shareholders should note that the capital structure outlined above is indicative only and that Widgie Nickel has the discretion to amend the capital structure without notice.

2.21 Information concerning Neometals Shares

The rights attaching to the Neometals Shares will not alter as a result of the In-Specie Distribution.

For the information of Neometals Shareholders, the highest and lowest closing prices of Neometals Shares as traded on ASX during the 12 months up to and including 16 July 2021, and the respective dates of those sales were:

	Price	Date
Highest	\$0.575	16 July 2021
Lowest	\$0.15	20 July 2020, 27 July 2020 and 30 July 2020

2.22 Section 256C of the Corporations Act

The proposed reduction of capital by way of the In-Specie Distribution is an equal capital reduction. Under section 256B of the Corporations Act, Neometals may only reduce its capital if it:

- is fair and reasonable to Neometals Shareholders as a whole;
- does not materially prejudice Neometals' ability to pay its creditors; and
- is approved by Neometals Shareholders in accordance with section 256C of the Corporations Act.

The Neometals Directors believe that the In-Specie Distribution is fair and reasonable to Neometals Shareholders as a whole and does not materially prejudice Neometals' ability to pay its creditors. Under the proposed reduction of capital, each Neometals Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Neometals Shareholder. The In-Specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Neometals Shareholder remains the same before

and after the In-Specie Distribution. Further, the Neometals Directors consider that the In-Specie Distribution will not result in Neometals being insolvent at the time or after the In-Specie Distribution.

In accordance with the Corporations Act:

- the proposed reduction of capital is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Neometals Shareholders;
- this Explanatory Memorandum and accompanying Prospectus and previous ASX announcements set out all information known to Neometals that is material to the decision on how to vote on the Resolution; and
- Neometals has lodged with ASIC a copy of this Notice of Meeting and accompanying Prospectus.

2.23 ASX Listing Rule 7.17

Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues.

The Capital Reduction and In-Specie Distribution satisfy the requirements of Listing Rule 7.17, as the issue of Widgie Nickel Shares is being made to Neometals Shareholders on a pro rata basis, and there is no restriction on the number of Neometals Shares a Neometals Shareholder must hold before the entitlement to the Widgie Nickel Shares accrues.

2.24 Effect of Neometals Shareholder approval

General

If the Resolution is approved, Neometals Shareholders as at the In-Specie Distribution Record Date will receive a pro rata beneficial entitlement to Widgie Nickel Shares based on the number of Neometals Shares held at the In-Specie Distribution Record Date. The reduction in Neometals' capital and the distribution and transfer of Widgie Nickel Shares will become effective from the In-Specie Distribution Record Date (provided that after the In-Specie Distribution Record Date has been set, the Neometals Directors have not provided a notice to ASX stating that Neometals does not intend to proceed with the Capital Reduction and In-Specie Distribution contemplated by the Resolution). Any fractions of entitlement will be rounded down to the next whole number. Widgie Nickel Shares are to be held subject to the Widgie Nickel Constitution which is in a standard form for an ASX listed entity.

The actual dollar value of the proposed return of capital will be an amount equal to the market value of 130,000,000 Widgie Nickel Shares less a Demerger Dividend (if any). Please refer to Schedule 2 and Schedule 3 for the pro-forma historical consolidated statements of financial position of Neometals and Widgie Nickel respectively which show the indicative financial impact of the In-Specie Distribution and Entitlement Offer.

The Neometals Board considers that the proposed capital reduction will have no material effect on the interests of Neometals Shareholders, except as disclosed in the discussion of the advantages and disadvantages of the Capital Reduction and In-Specie Distribution set out in Section 2.11.

Ineligible Neometals Shareholders

Neometals Shareholders on the In-Specie Distribution Record Date with an address outside of Australia or New Zealand will have their pro rata entitlement of Widgie Nickel Shares sold by Neometals' sale nominee, Euroz Hartleys Limited (**Nominee**), and the net proceeds paid to the Ineligible Neometals Shareholders, with the timing of the sale to coincide with Widgie Nickel successfully completing the Entitlement Offer, being admitted to ASX and a market for Widgie Nickel Shares being established on ASX.

The Nominee will act on a best efforts only basis to sell the Ineligible Neometals Shareholders' Widgie Nickel Shares, and will not be liable to the Ineligible Neometals Shareholders for any loss suffered as a result.

2.25 Information concerning Widgie Nickel Shares

Introduction

The rights and liabilities attaching to ownership of Widgie Nickel Shares arise from a combination of the Widgie Nickel Constitution, statute, the Listing Rules and general law. A summary of the significant rights, liabilities and obligations attaching to the Widgie Nickel Shares and a description of other material provisions of the Widgie Nickel Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Widgie Nickel Shareholders. The summary assumes that Widgie Nickel is admitted to the Official List of ASX.

Voting at a general meeting

At a general meeting of Widgie Nickel, every Widgie Nickel Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Widgie Nickel Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

Meeting of members

Each Widgie Nickel Shareholder is entitled to receive notice of, attend and vote at general meetings of Widgie Nickel and to receive all notices, accounts and other documents required to be sent to Widgie Nickel Shareholders under the Widgie Nickel Constitution, the Corporations Act and the Listing Rules.

Dividends

The Widgie Nickel Board may pay any interim and final dividends that, in its judgement, the financial position of Widgie Nickel justifies. The payment of a dividend does not require confirmation at a general meeting. The Widgie Nickel Board may also pay any dividend required to be paid under the terms of issue of a Widgie Nickel Share, and fix a record date for a dividend and the timing and method of payment.

Transfer of Widgie Nickel Shares

Subject to the Widgie Nickel Constitution and to any restrictions attached to a Widgie Nickel Shareholder's Share, Widgie Nickel Shares may be transferred in accordance with the ASX Settlement Operating Rules, the Corporations Act (and Corporations Regulations) and Listing Rules or by a written transfer in any usual form or in any other form approved by the Widgie Nickel Board and permitted by the relevant laws and ASX requirements. The Widgie Nickel

Board may decline to register a transfer of Widgie Nickel Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the Listing Rules.

Issue of further Widgie Nickel Shares

The Widgie Nickel Board may, subject to the Widgie Nickel Constitution, the Corporations Act and the Listing Rules, issue, allot or grant options for, or otherwise dispose of, Widgie Nickel Shares on such terms as the Widgie Nickel Board decides.

Winding up

If Widgie Nickel is wound up, then subject to the Widgie Nickel Constitution, the Corporations Act and any rights or restrictions attached to any Widgie Nickel Shares or classes of shares, Widgie Nickel Shareholders will be entitled to share in any surplus property of Widgie Nickel in proportion to the number of Widgie Nickel Shares held by them. If Widgie Nickel is wound up, the liquidator may, with the sanction of a special resolution, divide among the Widgie Nickel Shareholders the whole or part of Widgie Nickel's property and decide how the division is to be carried out as between Widgie Nickel Shareholders or different classes of shareholders.

Non-marketable parcels

In accordance with the Listing Rules, the Widgie Nickel Board may sell Widgie Nickel Shares that constitute less than a marketable parcel by following the procedures set out in the Widgie Nickel Constitution.

Proportional takeover provisions

The Widgie Nickel Constitution contains provisions requiring Widgie Nickel Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Widgie Nickel Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.

Variation of class rights

The procedure set out in the Widgie Nickel Constitution must be followed for any variation of rights attached to the Widgie Nickel Shares. Under that rule, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of Widgie Nickel Shares may be varied:

- with the consent in writing of the holders of 75% of the issued Widgie Nickel Shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those Widgie Nickel Shares.

Directors – appointment and removal

Under the Widgie Nickel Constitution, the Widgie Nickel Board is comprised of a minimum of three Widgie Nickel Directors and a maximum of six Widgie Nickel Directors, unless the Widgie Nickel Shareholders pass a resolution varying that number at a general meeting. Widgie Nickel Directors are elected or re-elected at annual general meetings of Widgie Nickel.

No Widgie Nickel Director (excluding a managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Widgie Nickel Director was last elected or re-elected. The Widgie Nickel Board may also appoint any eligible

person to be a Widgie Nickel Director either to fill a casual vacancy on the Widgie Nickel Board or as an addition to the existing Widgie Nickel Directors, who will then hold office until the conclusion of the next annual general meeting of Widgie Nickel following their appointment.

Directors – voting

Questions arising at a meeting of the Widgie Nickel Board must be decided by a majority of votes of the Widgie Nickel Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Widgie Nickel Directors present or entitled to vote in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

Directors – remuneration

Under the Widgie Nickel Constitution, the Widgie Nickel Board may decide the remuneration from Widgie Nickel to which each Widgie Nickel Director is entitled for their services as a Widgie Nickel Director. However, the total aggregate amount provided to all non-executive Widgie Nickel Directors for their services as Widgie Nickel Directors must not exceed in any financial year the amount fixed by Widgie Nickel in general meeting.

The remuneration of a Widgie Nickel Director (who is not a managing director or an executive Widgie Nickel Director) must not include a commission on, or a percentage of, profits or operating revenue. Any change to that maximum aggregate amount needs to be approved by Widgie Nickel Shareholders.

Widgie Nickel Directors may be paid for all travelling and other expenses the Widgie Nickel Directors incur in attending to Widgie Nickel's affairs, including attending and returning from general meetings of Widgie Nickel or meetings of the Widgie Nickel Board or of committees of the Widgie Nickel Board. Any Widgie Nickel Director who performs extra services or makes any special exertions for the benefit of Widgie Nickel, which, in the opinion of the Widgie Nickel Board, are outside the scope of ordinary duties of a Widgie Nickel Director, may be remunerated for the services (as determined by the Widgie Nickel Board) out of the funds of Widgie Nickel. These amounts will not form part of the maximum aggregate sum of non-executive Widgie Nickel Director remuneration.

Powers and duties of Widgie Nickel Directors

The business and affairs of Widgie Nickel are to be managed by or under the direction of the Widgie Nickel Board, which (in addition to the powers and authorities conferred on it by the Widgie Nickel Constitution) may exercise all powers and do all things that are within Widgie Nickel's power and the powers that are not required by law or by the Widgie Nickel Constitution to be exercised by Widgie Nickel in general meeting.

Preference shares

Widgie Nickel may issue preference shares including preference shares which are, or at the option of Widgie Nickel or holder are, liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Widgie Nickel Constitution unless other rights have been approved by special resolution of Widgie Nickel.

Indemnities

Widgie Nickel, to the extent permitted by law, indemnifies each Widgie Nickel Director and executive officer of Widgie Nickel on a full indemnity basis against all losses, liability, costs,

charges and expenses incurred by that person as an officer of Widgie Nickel or of a related body corporate.

Distribution of specific assets

Where Neometals reduces its share capital by way of a distribution of Widgie Nickel Shares, any binding instruction or notification between a Neometals Shareholder and Neometals (including any instructions relating to payment of dividends or to communications from Neometals) will be deemed to be a similarly binding instruction or notification to Widgie Nickel until that instruction or notification is revoked or amended in writing addressed to Widgie Nickel.

2.26 Taxation

Whilst Neometals considers the Capital Reduction and In-Specie Distribution should qualify for Demerger Relief, Neometals has applied to the Commissioner for a class ruling to confirm this position.

Australian tax considerations for Australian resident shareholders

On the assumption that a favourable class ruling is obtained from the Commissioner confirming that the Capital Reduction and In-Specie Distribution qualifies for Demerger Relief, the following is a general summary of the Australian taxation consequences for Australian resident shareholders who receive Widgie Nickel Shares in respect of the amount of the Capital Reduction.

The below taxation information is applicable to Australian resident shareholders who hold their Neometals shares on capital account and are not subject to the taxation of financial arrangement provisions contained in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

The tax information below does not constitute tax advice and is not a complete analysis of all the taxation implications relevant to the Capital Reduction and In-Specie Distribution. All Neometals Shareholders should obtain independent tax advice regarding the income tax and capital gains tax implications specific to their circumstances. Neometals Shareholders who hold their shares on revenue account (for example, Shareholders who are share traders and certain institutional investors), and Neometals Shareholders who are not Australian residents for income tax purposes, should obtain independent tax advice.

The information below has been prepared based on the taxation (including stamp duty) laws, regulations, rulings and administrative guidance and judicial interpretations as at the date of this document. It is important to note the ultimate interpretation of taxation law rests with the courts and that the law, and the way the revenue authorities seek to administer the law, may change over time. Accordingly, the commentary below represents considered views of existing law based upon generally accepted interpretations of that law.

Australian tax laws are complicated and subject to legislative and interpretive change both prospectively and (occasionally) retrospectively. Changes in the tax law or interpretation of the tax law after the date of this document may alter the tax treatment of the Capital Reduction and In-Specie Distribution.

There could also be implications for Neometals Shareholders in addition to those described above. The information provided below is general in nature and the individual circumstances of each shareholder may affect the tax implications of the Capital Reduction and In-Specie Distribution for that shareholder. Neometals Shareholders should seek appropriate

independent professional advice that considers the tax implications in respect of their own specific circumstances.

Demerger tax relief overview

The information below has been prepared on the basis that shareholders who are residents of Australia and who hold their Widgie Nickel Shares on capital account for tax purposes should be eligible to choose Demerger Relief. Broadly, Demerger Relief ensures that any CGT consequences from the transaction may be deferred, and that the dividend component (**Demerger Dividend**) of the Capital Reduction and In-Specie Distribution is not taxed in the hands of the Shareholders. Further information regarding the dividend component (Demerger Dividend) and the capital component (Capital Reduction Amount) will be provided once the class ruling is obtained from the Commissioner.

CGT Consequences

The capital component of the Capital Reduction and In-Specie Distribution (**Capital Reduction Amount**) will give rise to a CGT event for Shareholders representing the distribution of Widgie Nickel Shares. The CGT event will happen at the time Neometals completes the Capital Reduction and In-Specie Distribution.

Neometals Shareholders can choose whether to obtain demerger roll-over relief.

(a) Where demerger roll-over relief is granted and chosen

(1) Capital gain is disregarded

If demerger roll-over relief is available, for Neometals Shareholders who choose demerger roll-over relief, any capital gain arising from the CGT event happening to their Shares under the Capital Reduction and In-Specie Distribution will be disregarded.

(2) CGT cost base in Neometals Shares and Widgie Nickel Shares

Neometals Shareholders will need to apportion the first element of the CGT cost base of their Neometals Shares between those Neometals Shares and new Widgie Nickel Shares in accordance with the market values of the Shares and Widgie Nickel Shares (or a reasonable approximation of these market values) just after the Capital Reduction and In-Specie Distribution.

Further information in relation to the apportionment of costs bases will be provided by Neometals after the Capital Reduction and In-Specie Distribution being implemented.

(3) Time of acquisition of Neometals Shares

For Neometals Shareholders who choose demerger roll-over relief, their Widgie Nickel Shares will have the same CGT characteristics as the underlying Neometals Shares. For the purposes of determining the availability of the CGT discount on a subsequent sale of Widgie Nickel Shares, Widgie Nickel Shares should be taken to have been acquired at the time the shareholder acquired their original Neometals Shares. Neometals Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

(b) Where demerger roll-over relief is not chosen

(1) Capital gain is not disregarded

For Neometals Shareholders who do not choose to obtain demerger roll-over relief where it is available, any capital gain made arising from the Capital Reduction and In-Specie Distribution will not be disregarded.

Neometals Shareholders may be entitled to discount CGT treatment. Neometals Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

If the Capital Reduction Amount does not exceed the CGT cost base in the Neometals Shares, no capital gain should be made. Neometals Shareholders will not make a capital loss as a result of the Capital Reduction.

(2) CGT cost base in Neometals Shares and Widgie Nickel Shares

Neometals Shareholders who do not choose to obtain demerger roll-over relief should apportion the first element of the CGT cost base in their Neometals Shares between those Shares and Widgie Nickel Shares received under the Capital Reduction and In-Specie Distribution. The method of apportionment is the same as the method for Neometals Shareholders who choose to obtain demerger roll-over relief as discussed above.

(3) Time of acquisition of Neometals Shares

Where demerger roll-over relief is not chosen, all the Widgie Nickel Shares transferred to Shareholders will be treated as having been acquired at the time they are transferred to the Shareholders. This will be relevant to Shareholders in determining the availability of the CGT discount on a subsequent sale of Widgie Nickel Shares. Neometals Shareholders should seek appropriate tax advice to determine the application of the CGT discount in their specific circumstances.

Application of the section 45B tax integrity measures

It should be noted, the Commissioner may (in certain circumstances) make a determination under section 45B of the *Income Tax Assessment Act 1936* (Cth) to deem certain payments to be treated as taxable unfranked dividends for taxation purposes.

Having regard to the circumstances of the Capital Reduction and In-Specie Distribution, Neometals does not consider the Commissioner should apply section 45B to the Capital Reduction and In-Specie Distribution. Neometals is also seeking confirmation from the ATO on this in the ATO class ruling.

For completeness, the following is an outline of the potential Australian income tax implications for Australian resident Neometals Shareholders who hold their Shares on capital account should the Commissioner make a determination under section 45B in respect of the Capital Reduction and In-Specie Distribution and that Demerger Relief is not available:

- The Demerger Dividend would be assessable income for Australian resident Shareholders or subject to dividend withholding tax for non-resident Neometals Shareholders (generally at the rate of 30% on the gross amount, subject to any applicable double tax agreement).
- Shareholders may make a capital gain to the extent that the Capital Reduction Amount exceeds the particular Neometals Shareholder's cost base (of their Neometals Share).

- If the Capital Reduction Amount is less than the cost base of a particular Neometals Shareholder's cost base (of their Neometals Share), that Neometals Shareholder will have their cost base reduced by that amount.
- The CGT cost base in Widgie Nickel Shares should be equal to the market value of the Widgie Nickel Shares on the implementation date.
- Widgie Nickel Shares should be treated as having been acquired at the time they are transferred to Shareholders.

Tax implications for Neometals

The transfer of Widgie Nickel Shares from Neometals to Neometals Shareholders is not expected to have any material adverse tax implications for Neometals on the basis that Demerger Relief applies.

Where Demerger Relief is not granted, Neometals will derive a capital gain on the in-specie distribution (i.e. disposal) of Widgie Nickel Shares to Neometals Shareholders.

Non-resident Shareholders

Neometals Shareholders that are non-residents, who together with their associates, hold less than 10% of shares in Neometals, can disregard any capital gain arising from a CGT event happening to their Neometals Shares on the Capital Reduction and In-Specie Distribution. Neometals is also seeking confirmation from the ATO regarding this matter in the ATO class ruling.

The above will may not apply where a non-resident Neometals Shareholder holds a non-portfolio Neometals shareholding interest (in excess of 10%, taking into account shares held by associates) or the Neometals shareholding is an asset of an Australian permanent establishment conducted by the non-resident Neometals Shareholder, that have been used at any time in a business carried on by that permanent establishment.

GST

No GST should be payable by Neometals Shareholders in relation to their participation in the Capital Reduction and In-Specie Distribution.

However, GST may be charged to Neometals Shareholders in respect of any adviser fees or other costs they may incur in relation to their participation in the Capital Reduction and In-Specie Distribution. The eligibility for Neometals Shareholders to claim full or partial input tax credits in relation to this GST payable will depend on the individual circumstances of each shareholder. Neometals Shareholders should seek their own independent tax advice in relation to this.

Stamp duty

Widgie Nickel has agreed to be responsible for any stamp duty which may arise in connection with the Capital Reduction and In-Specie Distribution. Accordingly, no stamp duty should be payable in any Australian State or Territory by Neometals Shareholders in relation to their participation in the Capital Reduction and In-Specie Distribution.

2.27 ASX confirmations

Widgie Nickel has received in-principle confirmation from ASX (among other matters) that, upon Widgie Nickel's formal listing application to ASX, ASX would be likely to do the following:

- confirm that the Widgie Nickel Shares distributed and transferred under the In-Specie Distribution will not be subject to the escrow requirements in Listing Rule 9.1; and
- confirm that non-affiliated Widgie Nickel Shareholders who received Widgie Nickel Shares under the In-Specie Distribution will not be excluded for the purposes of Widgie Nickel demonstrating satisfaction of the spread requirements in Listing Rule 1.1 condition 8.

2.28 Competent Person's statement

Neometals has prepared the meeting materials based on information available to it at the time of preparation. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in the meeting materials. To the maximum extent permitted by law, Neometals, its related bodies corporate (as that term is defined in the Corporations Act) and the officers, directors, employees, advisers and agents of those entities do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of the meeting materials or its contents or otherwise arising in connection with it.

The information in this document that relates to Exploration Results and Mineral Resource estimates for the Mt Edwards Project was previously disclosed to ASX in the following Neometals announcements:

- 19 April 2018 titled "Mt Edwards Nickel – Mineral Resource Estimate";
- 25 June 2018 titled "Mt Edwards – Mineral Resource Over 120,000 Nickel Tonnes";
- 13 November 2019 titled "Additional Nickel Mineral Resource At Mt Edwards";
- 31 January 2020 titled "High-grade massive nickel sulphide at Mt Edwards";
- 16 April 2020 titled "Mt Edwards Nickel – Armstrong Resource increases 60%";
- 26 May 2020 titled "Mt Edwards Nickel – Gillett Resource increases 30%";
- 6 October 2020 titled "Mt Edwards Nickel – Mineral Resource and Exploration Update";
- 23 December 2020 titled "Mt Edwards Nickel – Zabel Mineral Resource Update";
- 9 April 2021 titled "Mt Edwards – High Grade Palladium in Nickel Concentrate";
- 29 June 2021 titled "Mt Edwards – McEwen Nickel Resources increase 45%";
- 29 June 2021 titled "Mt Edwards – Widgie Townsite Mineral Resource Update";
- 30 June 2021 titled "Mt Edwards – 26 North Mineral Resources Increase 51%";
- 6 July 2021 titled "Mt Edwards – Positive Float Test Work Results Continue"; and
- 7 July 2021 titled "Mt Edwards – Review of Nickel Mineral Resources Complete".

Neometals confirms that it is not aware of any new information or data that materially affects the information included in these announcements and, in the case of Mineral Resource estimates, that all material assumptions and technical parameters underpinning the estimates in these announcements continue to apply and have not materially changed.

2.29 Lodgement with ASIC

Neometals has lodged with ASIC a copy of this Notice of Meeting in accordance with section 256C(5) of the Corporations Act. ASIC and its officers take no responsibility for the contents of this Notice of Meeting or the merits of the transaction to which this Notice of Meeting relates.

If the Resolution is passed, the Capital Reduction and In-Specie Distribution is required to take effect in accordance with a timetable approved by ASX. Please refer to Section 1.7 for the proposed indicative timetable for completion of the In-Specie Distribution and Entitlement Offer, which is subject to change by Neometals and any requirements of the Listing Rules and the Corporations Act.

2.30 Neometals Directors' recommendation

After considering all relevant factors, the Neometals Directors unanimously recommend that Neometals Shareholders vote in favour of the Resolution for the following reasons:

- after a full and proper assessment of all available information they believe that the In-Specie Distribution is in the best interests of Neometals and Neometals Shareholders;
- in the opinion of the Neometals Directors, the advantages of the In-Specie Distribution outweigh its disadvantages as set out in Section 2.11; and
- the Neometals Directors are satisfied that the In-Specie Distribution is the preferred option available to optimise value generation from the Mt Edwards Project in the current circumstances.

2.31 Other material information

There is no information material to the making of a decision by a Neometals Shareholder whether or not to approve the Resolution (being information that is known to any of the Neometals Directors and which has not been previously disclosed to Neometals Shareholders) other than as disclosed in this Notice of Meeting and Explanatory Memorandum and all relevant Schedules.

Schedule 1 – Glossary

The meaning of the terms used in the Notice of Meeting and the Explanatory Memorandum are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context permits, the financial market that it operates.
Board	the board of Directors of the Company.
Business Day	has the meaning given in the Listing Rules.
Capital Reduction	the equal capital reduction of the Company proposed to be satisfied by the In-Specie Distribution and transfer to Eligible Neometals Shareholders (in proportion to their holdings of Neometals Shares) of all of the issued share capital of Widgie Nickel (being 130,000,000 Widgie Nickel Shares).
CGT	capital gains tax.
Chairman	the chairman of the EGM.
Commissioner	the Commissioner of Taxation.
Company or Neometals	Neometals Ltd ACN 099 116 631.
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth)

Term	Meaning
Demerger Conditions	has the meaning given in section 2.3 of the Explanatory Memorandum.
Demerger Dividend	has the meaning given in section 2.26 of the Explanatory Memorandum.
Demerger Relief	confirmation from the ATO that: <ol style="list-style-type: none"> 1 Neometals Shareholders may be eligible to choose to receive roll-over relief under Division 125 of the <i>Income Tax Assessment Act 1997</i> (Cth) in respect of the proposed Capital Reduction and In-Specie Distribution; and 2 the Commissioner will not make a determination under section 45B(3)(a) or 45B(3)(b) of the <i>Income Tax Assessment Act 1936</i> (Cth) in respect of Neometals Shareholders participating in the In-Specie Distribution.
EGM	the extraordinary general meeting of the Company that is the subject of the Notice of Meeting.
Eligible Country	means Australia or New Zealand.
Eligible Neometals Shareholders	a Neometals Shareholder who is not an Ineligible Neometals Shareholder.
Entitlement Offer Eligible Shareholder	a Widgie Nickel Shareholder on the Entitlement Offer Record Date with a registered address in an Eligible Country.
Entitlement Offer	the non-renounceable, pro rata entitlement offer of Widgie Nickel Shares at an issue price of \$0.20 per Widgie Nickel Share on the basis of 1 new Widgie Nickel Share for every 0.923 Widgie Nickel Share held by Entitlement Offer Eligible Shareholders at the Entitlement Offer Record Date to raise \$24 million (before costs).
Entitlement Offer Record Date	Thursday, 26 August 2021.
Explanatory Memorandum	the explanatory materials accompanying the Notice of Meeting.

Term	Meaning
In-Specie Distribution	the distribution of Widgie Nickel Shares to In-Specie Distribution Eligible Shareholders the subject of Resolution 1.
In-Specie Distribution Eligible Shareholder	a Neometals Shareholder on the In-Specie Distribution Record Date with a registered address in an Eligible Country.
In-Specie Distribution Record Date	Tuesday, 24 August 2021.
Ineligible Neometals Shareholder	a Neometals Shareholder with an address outside of Australia or New Zealand on the In-Specie Distribution Record Date.
JORC Code	the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.
Listing Rules	the ASX Listing Rules.
Mincor	Mincor Resources NL (ACN 072 745 692).
Neometals Board	the board of directors of Neometals.
Neometals Constitution	the constitution of Neometals.
Neometals Director	a director of the Company.
Neometals Share	a fully paid ordinary share in the capital of the Company.
Neometals Shareholder	a holder of a Neometals Share.
Nominee	Euroz Hartleys Limited.

Term	Meaning
Notice of Meeting	this notice of extraordinary general meeting.
Official List	the official list of ASX.
Ore Reserves	has the meaning given in the JORC Code.
Proposed Transaction	<ol style="list-style-type: none"> 1 the proposed Capital Reduction and In-Specie Distribution; and 2 the proposed Entitlement Offer.
Prospectus	the short-form prospectus prepared by the Company and accompanying the Notice of Meeting.
Proxy Form	the proxy form accompanying the Notice of Meeting.
Resolution	a resolution contained in the Notice of Meeting.
Widgie Nickel	Widgie Nickel Pty Ltd ACN 648 687 094 (to be converted to a public company limited by shares and renamed Widgie Nickel Limited).
Widgie Nickel Board	the board of directors of Widgie Nickel.
Widgie Nickel Constitution	the constitution of Widgie Nickel.
Widgie Nickel Prospectus	the prospectus to be issued by Widgie Nickel in connection with the Entitlement Offer.
Widgie Nickel Share	a fully paid ordinary share in the capital of Widgie Nickel.
Widgie Nickel Shareholder	a holder of Widgie Nickel Shares.

Schedule 2 – Neometals pro-forma historical consolidated statement of financial position

	Audit reviewed Neometals 31 December 2020 \$	Demerger Widgie Nickel \$	Unaudited Proforma Neometals Balance \$
Current assets			
Cash and cash equivalents	67,850,037	(1,284,276)	66,565,761
Trade and other receivables	1,511,733	-	1,511,733
Other financial assets	1,299,685	-	1,299,685
Total current assets	70,661,455	(1,284,276)	69,377,179
Non-current assets			
Property, plant and equipment	1,296,379	-	1,296,379
Exploration and evaluation expenditure	46,511,771	(11,050,007)	35,461,764
Intangible assets	681,084	-	681,084
Investment in joint ventures	23,044	-	23,044
Investment in associates	3,995,820	-	3,995,820
Other financial assets	5,539,000	-	5,539,000
Right of use assets	796,567	-	796,567
Total non-current assets	58,843,665	(11,050,007)	47,793,658
Total assets	129,505,120	(12,334,284)	117,170,836
Current liabilities			
Trade and other payables	(471,711)	22,214	(449,497)
Provisions	(1,167,779)	-	(1,167,779)
Lease liability	(419,925)	-	(419,925)
Total current liabilities	(2,059,415)	22,214	(2,037,201)
Non-current liabilities			
Provisions	(1,075,608)	398,000	(677,608)
Lease liability	(535,811)	-	(535,811)
Total non-current liabilities	(1,611,419)	398,000	(1,213,419)
Total liabilities	(3,670,834)	420,214	(3,250,620)
Net assets	125,834,286	(11,914,069)	113,920,217
Equity			
Issued capital	154,634,997	(11,914,069)	142,720,928
Reserves	8,487,835	-	8,487,835
Accumulated losses	(37,288,546)	-	(37,288,546)
Total equity	125,834,286	(11,914,069)	113,920,217

Notes:

1. Neometals capital structure (including the number of Neometals Shares on issue) will not change as a result of the Proposed Transaction.
2. The Capital Reduction and In-Specie Distribution will be accounted for in accordance with Australian Accounting Interpretation 17 "Distribution of Non-cash Assets to Owners" where the In-Specie Distribution will be made at the fair value of the underlying assets being distributed. This will impact the profit or loss of Neometals at that point.

Schedule 3 – Widgie Nickel pro-forma historical consolidated statement of financial position

	Incorporation of Widgie Nickel	Reviewed MELPL 31 December 2020 and acquisition by Widgie Nickel	Proforma subsequent event	Proforma subsequent event ASA and seed	Proforma adjustments Forgiveness & consolidation entries	Proforma adjustment Entitlement Offer	Unaudited Proforma Balance
Transaction Ref	(a)	(b)	(c)	(d),(e)	(f)	(g)	
	\$	\$	\$	\$	\$	\$	\$
Current assets							
Cash and cash equivalents	1	54,184	230,091	1,000,000	-	22,425,333	23,709,609
Trade and other receivables	-	-	-	-	-	-	-
Total current assets	1	54,184	230,091	1,000,000	-	22,425,333	23,709,609
Non-current assets							
Property, plant and equipment	-	-	-	-	-	-	-
Exploration and evaluation expenditure	-	2,068,193	11,731	8,970,083	-	-	11,050,007
Investment in subsidiaries	-	2,242,424	-	-	(2,242,424)	-	-
Total non-current assets	-	4,310,617	11,731	8,970,083	(2,242,424)	-	11,050,007
Total assets	1	4,364,802	241,822	9,970,083	(2,242,424)	22,425,333	34,759,617
Current liabilities							
Trade and other payables	-	(22,214)	-	-	-	-	(22,214)
Related party borrowings	-	(2,000,602)	(241,822)	(8,609,583)	10,852,007	-	-
Total current liabilities	-	(2,022,816)	(241,822)	(8,609,583)	10,852,007	-	(22,214)
Non-current liabilities							
Provisions	-	(37,500)	-	(360,500)	-	-	(398,000)
Total non-current liabilities	-	(37,500)	-	(360,500)	-	-	(398,000)
Total liabilities	-	(2,060,316)	(241,822)	(8,970,083)	10,852,007	-	(420,214)
Net assets	1	2,304,485	-	1,000,000	8,609,583	22,425,333	34,339,402
Equity							
Issued capital	1	130,000	-	1,000,000	(130,000)	22,730,093	23,730,094
Reserves	-	2,417,025	-	-	8,497,043	190,289	11,104,357
Retained earnings/(Accumulated losses)	-	(242,540)	-	-	242,540	(495,049)	(495,049)
Total equity	1	2,304,485	-	1,000,000	8,609,583	22,425,333	34,339,402

The pro-forma historical financial information has been prepared by adjusting the statement of financial position of Widgie Nickel on incorporation as noted in paragraph (a) below and MELPL's reviewed statement of financial position as at 31 December 2020 to reflect the financial effects of the following other subsequent events which have occurred since 31 December 2020:

- (a) in March 2021 the incorporation and interposol of Widgie Nickel to be the new holding company for the Mt Edwards Project with issued share capital of \$1;
- (b) on 1 June 2021 Widgie Nickel acquired MELPL from Neometals for consideration of \$2,242,424. Prior to completion of the acquisition Neometals forgave \$2,471,025 owing to it from MELPL. The acquisition was funded via an intercompany loan from Neometals. The acquisition of MELPL has been accounted for on the basis that it is an asset acquisition under the accounting standards and not within the scope of AASB 3 *Business Combinations*;
- (c) subsequent to 31 December 2020, funding totalling \$241,822 (being \$11,731 on exploration expenditure and \$230,091 provided for working capital) has been funded via an intercompany loan from Neometals;
- (d) on 4 June 2021 MELPL entered into an asset purchase agreement with Neometals to acquire the remaining tenement and mineral interests in the Mt Edwards Project which it did not already own. The consideration for the purchase was \$8,609,583 applied to exploration and evaluation expenditure. The acquisition was funded via an intercompany loan from Neometals. The acquisition of the exploration assets has been accounted for as an asset acquisition under the accounting standards and not within the scope of AASB 3 *Business Combinations*; and
- (e) seed funding provided by Neometals for 5,000,000 ordinary shares in Widgie Nickel at \$0.20 per share for \$1,000,000,

and the following pro forma transactions which are yet to occur, but are proposed to occur prior to completion of the demerger (f) and following completion of the Entitlement Offer (g) respectively:

- (f) forgiveness by Neometals of amounts due to it from Widgie Nickel and MELPL of respectively \$2,242,424 and \$8,609,583 treated as an effective investment in Widgie Nickel by Neometals; and
- (g) the issue of 120,000,000 ordinary shares in Widgie Nickel at \$0.20 per share to raise \$24,000,000 before costs of \$1,789,956 (split by cost of equity \$1,294,907 and profit and loss \$495,049).

Group restructure transactions

Widgie Nickel has determined that the restructuring transactions included in the pro-forma historical consolidated statement of financial position do not constitute a business combination in accordance with AASB 3 *Business Combinations*. The acquisition of the assets meets the definition of, and has been accounted for, as an asset acquisition under common control. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based the book value of the transferred (sold) assets and liabilities. No deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 *Income Taxes* is applied. No goodwill arises on the acquisition and transactions costs of the acquisition are included in the capitalised cost of the asset.

Schedule 4 – Risk factors

Company risk factors

Future capital needs

The funds raised by the Entitlement Offer will be used to carry out Widgie Nickel's objectives as detailed in the Notice of Meeting. The successful development of the Mt Edwards Project will require additional capital and there is no guarantee that this will be available when required. Widgie Nickel's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to Widgie Nickel will vary according to a number of factors, including the potential of projects (existing and future), the results of exploration, feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates. No assurance can be given that future funding will be available to Widgie Nickel on favourable terms. If adequate funds are not available on acceptable terms then Widgie Nickel may not be able to further develop the Mt Edwards Project and it may impact on Widgie Nickel's ability to continue as a going concern. If Widgie Nickel issues additional equity in the future, existing Widgie Nickel Shareholders may have their interest diluted. Debt financing, if available, may involve onerous restrictions on financing and operating activities and will add an additional overhead cost to the business.

Unforeseen expenditure

Expenditure may need to be incurred that has not been foreseen by Widgie Nickel. Although Widgie Nickel is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of Widgie Nickel and its proposed business plans.

Limited operational history

Widgie Nickel was incorporated on 15 March 2021 and since that time it has operated as a wholly owned subsidiary of Neometals.

Widgie Nickel has never developed or managed a fully operational mining operation facility, and its only asset is the Mt Edwards Project. Accordingly, Widgie Nickel has no experience in building or operating mining or processing facilities. While the Widgie Nickel Directors and management have substantial experience in the mining industry, there can be no assurance that the Mt Edwards Project will experience results similar to those achieved by other companies or projects in which the Widgie Nickel Directors and management have been involved in the past. Widgie Nickel's financial condition will depend upon the commercial viability and profitability of the Mt Edwards Project. Widgie Nickel cannot provide any assurance that it will be able to commission or sustain the successful operation of the Mt Edwards Project, or that it will achieve commercial viability. Until Widgie Nickel is able to realise value from the Mt Edwards Project, it is likely to incur ongoing operating losses.

No profit to date

Widgie Nickel intends to invest in the development of its Mt Edwards Project and consequently, the Widgie Nickel Directors anticipate that Widgie Nickel will make losses in the foreseeable future.

Although the Widgie Nickel Directors have between them significant operational experience, Widgie Nickel's ability to meet its objectives will be reliant on its ability to implement current operational plans and take appropriate action to amend those plans in respect of any unforeseen circumstances that may arise. Investors should consider Widgie Nickel's prospects in light of its limited financial history.

Attracting and retaining key personnel

Widgie Nickel is dependent on the experience of the Widgie Nickel Directors and management team. Whilst the Widgie Nickel Board has sought to and will continue to ensure that the management team and any key employees are appropriately incentivised, their services cannot be guaranteed. The loss of any of the Widgie Nickel Directors', senior management's or key employees' services to Widgie Nickel may have an adverse effect on the performance of Widgie Nickel pending replacements being identified and retained by or appointed to the Widgie Nickel Board.

As Widgie Nickel grows, it will need to employ and retain appropriately motivated, skilled and experienced staff. Difficulties in attracting and retaining such staff may have an adverse effect on the performance of Widgie Nickel.

Dependence on external contractors

Widgie Nickel may outsource substantial parts of its mining activities pursuant to services contracts with third party contractors. Such contractors may not be available to perform services for Widgie Nickel, when required, or may only be willing to do so on terms that are not acceptable to Widgie Nickel. Once in contract, performance may be constrained or hampered by capacity constraints, mobilisation issues, plant, equipment and staff shortages, labour disputes, managerial failure and default or insolvency. Contractors may not comply with provisions in respect of quality, safety, environmental compliance and timeliness, which may be difficult to control. In the event that a contractor underperforms or is terminated, Widgie Nickel may not be able to find a suitable replacement on satisfactory terms within time or at all. These circumstances could have a material adverse effect on Widgie Nickel's production and operations.

Counterparty risk

The ability of Widgie Nickel to achieve its business objectives will depend to an extent on the performance by Widgie Nickel and counterparties of their contractual obligations. If any party defaults in the performance of its obligations under a contract, it may be necessary for the other party to approach a court to seek a legal remedy, which could be costly for Widgie Nickel. The operations of Widgie Nickel also require the involvement of a number of third parties, including consultants, contractors and suppliers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on Widgie Nickel's operations and performance. It is not possible for Widgie Nickel to predict or protect itself against all such risks.

Insurance

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances Widgie Nickel's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Widgie Nickel.

Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

Uninsurable risks

Widgie Nickel's business is subject to a number of risks and hazards generally, including without limitation, adverse environmental conditions, industrial accidents, labour disputes, civil unrest and political instability, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities, personal injury or death, environmental damage to Widgie Nickel's properties or the property of others, delays in development, monetary losses and possible legal liability.

Widgie Nickel will maintain insurance coverage that is substantially consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to Widgie Nickel at competitive premiums (if at all) or that, in the event of a claim, the level of insurance carried by Widgie Nickel now or in the future will be adequate. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Widgie Nickel.

Litigation, disputes and claims

Widgie Nickel may be subject to litigation and other disputes and claims in the ordinary course of its business, including employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. Such litigation, disputes and claims, including the cost of settling claims or paying any fines, operational impacts and reputational damage could materially adversely affect Widgie Nickel's business, operating and financial performance.

As at the date of the Notice of Meeting, Widgie Nickel is not involved in any material legal proceedings and the Neometals Directors are not aware of any material legal proceedings pending or threatened against Widgie Nickel.

Potential mergers and acquisitions

As part of its business strategy, Widgie Nickel may make acquisitions or divestments of, or significant investments in, companies or resource projects (including by way of joint ventures, farm-ins, direct project acquisitions or direct equity participation). Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions or divestments of companies or resource projects.

Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of Widgie Nickel or the price of Widgie Nickel Shares. These events include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease such as COVID-19 or other man-made or natural events or occurrences that can have an adverse effect on Widgie Nickel's activities and the demand for nickel.

COVID-19

The coronavirus pandemic (**COVID-19**) is having a material effect on global economic markets. The price of Widgie Nickel Shares may be adversely affected by the economic uncertainty caused by COVID-19.

If any Widgie Nickel employees or contractors become infected with COVID-19 or if government measures are put in place to restrict the movement of personnel and equipment, it could result in Widgie Nickel's operations being suspended or otherwise disrupted for an

unknown period of time, which may have an adverse impact on the Widgie Nickel's progress and financial reserves, negatively affecting the price of Widgie Nickel Shares.

Industry risk factors

Exploration and development risks

The exploration for, and development of, mineral deposits involves a number of risks. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a speculative business, characterised by a number of significant risks, including, among other things, unprofitable efforts resulting from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Widgie Nickel may be affected by numerous factors that are beyond the control of Widgie Nickel and that cannot be accurately predicted, such as market fluctuations, government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in Widgie Nickel not receiving an adequate return on investment capital.

The discovery of mineral deposits is dependent on a number of factors, including the technical skill of the exploration personnel involved and the success of the adopted exploration plan. In addition, there can be a time lag between the commencement of drilling and, if a viable mineral deposit is discovered, the commencement of commercial operations. Reasons for this include the need to build and finance significant new infrastructure.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Widgie Nickel expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by Widgie Nickel towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

Widgie Nickel has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Widgie Nickel believes that those consultants and others are competent and that they have carried out their work in accordance with Australian recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, Widgie Nickel may experience delays or increased costs in developing its properties.

If a viable mineral deposit is to be developed, Widgie Nickel will need to apply for a range of environmental and development authorisations, which may or may not be granted on satisfactory terms. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably mined.

Exploration and operating costs

The estimated exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the price of Widgie Nickel Shares.

Mineral Resource estimates

Mineral Resource estimates are prepared in compliance with the JORC Code and are expressions of judgement based on knowledge, experience, industry practice, interpretation and other factors. Estimates, which are valid when made, may alter significantly when new information or techniques become available. As Widgie Nickel obtains new information through drilling and analysis, Mineral Resource estimates may change positively or negatively, affecting Widgie Nickel's operations and financial position.

Operational risk

The Company's exploration and development activities will be subject to numerous operational risks, many of which are beyond Widgie Nickel's control. Widgie Nickel's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of labour, consumables, spare parts, plant and equipment, external services failure (including energy and water supply), industrial disputes and action, difficulties in commissioning, ramp up and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.

Hazards incidental to the exploration and development of mineral properties such as unusual or unexpected geological formations, difficulties and/or delays associated with groundwater and dewatering may be encountered by Widgie Nickel. Industrial and environmental accidents could lead to substantial claims against Widgie Nickel for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations.

Widgie Nickel will endeavour to take appropriate action to mitigate these operational risks (including by ensuring legislative compliance, properly documenting arrangements with counterparties, and adopting industry best practice policies and procedures) or to insure against them, but the occurrence of any one or a combination of these events may have a material adverse effect on Widgie Nickel's performance and the value of its assets.

Equipment and availability

Widgie Nickel's exploration and future development activities are dependent on the availability of relevant equipment and appropriately qualified and experienced personnel in the area of its Mt Edwards Project. If Widgie Nickel is unable to secure such equipment or personnel in the future, or is unable to secure it on acceptable terms, this may have a material adverse effect on the financial position and prospects of Widgie Nickel.

Commodity price volatility and exchange rate risks

If Widgie Nickel achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of Widgie Nickel to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of Widgie Nickel. Such factors include supply and demand fluctuations for minerals, production costs, technological advancements, forward selling activities and other macro-economic factors. Other factors include expectations regarding inflation, the financial impact of movements in interest rates, global economic trends, confidence and conditions, and domestic and international fiscal, monetary and regulatory policy settings. These factors can affect the value of Widgie Nickel's assets and the supply and demand characteristics of minerals, and may have an adverse effect on the viability of Widgie Nickel and the price of Widgie Nickel Shares.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Widgie Nickel will be taken into account in Australian currency, exposing Widgie Nickel to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Environmental

The operations and proposed activities of Widgie Nickel are subject to State and Commonwealth laws and regulations concerning the environment. If such laws are breached, Widgie Nickel could be required to cease its operations and/or incur significant liabilities including penalties due to past or future activities.

As with most exploration projects and mining operations, Widgie Nickel's proposed activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses. It is Widgie Nickel's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent Widgie Nickel from being able to develop potentially economically viable mineral deposits.

Further, Widgie Nickel may require additional approvals from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent Widgie Nickel from undertaking its desired activities.

Widgie Nickel is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase Widgie Nickel's cost of doing business or affect its operations in any area.

Contamination risks

The mineral exploration sector operates under Australian State and Commonwealth environmental laws. Widgie Nickel's operations may use hazardous materials and produce hazardous waste which may have an adverse impact on the environment or cause exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, Widgie Nickel may be subject to claims for toxic torts, natural resources damages and other damages. In addition, Widgie Nickel may be subject to the investigation and clean-up of contaminated soil, surface water and groundwater. This may delay development of the Mt Edwards Project and may subject Widgie Nickel to substantial penalties including fines, damages, clean-up costs or other penalties. Widgie Nickel is also subject to environmental protection legislation, which may affect Widgie Nickel's access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.

Exposure to natural events

Widgie Nickel's operations could be impacted by natural events such as significant rain events, flooding, fires and earthquakes. Such natural events could result in impacts including reduced mining efficiencies, restrictions to or loss of access to open pits, mining locations or necessary infrastructure, or restrictions to or delays in access to the site for deliveries of key consumables required for Widgie Nickel's operations. This could result in increased costs and or reduced revenues which could impact Widgie Nickel's financial performance and position. Whilst Widgie Nickel is able to transfer some of these risks to third parties through insurance,

many of the associated risks are not able to be insured or in Widgie Nickel's opinion the cost of transfer is not warranted by the likelihood of occurrence of the risk event.

Climate change

There are a number of climate-related factors that may affect the operations and proposed activities of Widgie Nickel. The climate change risks particularly attributable to Widgie Nickel include:

- the emergence of new or expanded regulations associated with the transition to a lower-carbon economy and market changes related to climate change mitigation. Widgie Nickel may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact Widgie Nickel and its profitability. While Widgie Nickel will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that Widgie Nickel will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by Widgie Nickel, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which Widgie Nickel operates.

Tenure of tenements

Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of leases and licences by the State. Widgie Nickel is subject to the *Mining Act 1978* (WA) and Widgie Nickel has an obligation to meet conditions that apply to its tenements, including the payment of rent and prescribed annual expenditure commitments. The tenements held by Widgie Nickel are subject to annual review and periodic renewal.

There are no guarantees that Widgie Nickel's tenements that are subject to renewal will be renewed or that any applications for exemption from minimum expenditure conditions will be granted, each of which would adversely affect the standing of a tenement. A number of the tenements may be subject to additional conditions, penalties, objections or forfeiture applications in the future. Alternatively, applications, transfers, conversions or renewals may be refused or may not be approved with favourable terms. Any of these events could have a materially adverse effect on the Widgie Nickel's prospects and the value of its assets.

Rights of land access

Widgie Nickel's tenements overlap various types of tenure including live and pending mining tenements, Crown reserves, private land and pastoral leases. This may result in disruption and/or impediment to the operation or development of Widgie Nickel's assets. Any new mine development or expansion will require landholder issues to be addressed, which can have consequences for timing and cost implications. In addition, several tenements that make up part of the Mt Edwards Project are held by third parties under which Widgie Nickel has certain nickel rights (including access rights), however such access may be subject to certain limitations.

Approvals, permits, licences and consents

Mining exploration and development companies must obtain numerous permits issued by various governmental agencies and regulatory bodies that impose strict regulations on various environmental and safety matters. The permitting rules are complex and may change over

time, making Widgie Nickel's ability to comply with the applicable requirements more difficult or even impossible, which may hinder future development or mining operations. An inability to conduct Widgie Nickel's exploration or development pursuant to applicable permits could prevent Widgie Nickel from realising its objectives.

Grant of future authorisations to explore and mine

Widgie Nickel currently holds all material authorisations required to undertake its exploration programs. However, many of the mineral rights and interests held by Widgie Nickel are subject to the need for ongoing or new government approvals, licences and permits as the scope of Widgie Nickel's operations change. The granting and renewal of such approvals, licences and permits are, as a practical matter, subject to the discretion of applicable government agencies or officials.

If Widgie Nickel pursues development of an economically viable mineral deposit, it will, among other things, require various approvals, permits and licences before it will be able to mine the deposit, and need to satisfy certain environmental approval processes. There is no guarantee that Widgie Nickel will be able to obtain, or obtain in a timely fashion, all required approvals, licences or permits or satisfy all environmental approval processes. To the extent that required authorisations are not obtained or are delayed, Widgie Nickel's operations may be significantly impacted.

Native title and Aboriginal heritage

The effect of the present laws in respect of native title that apply in Australia is that Widgie Nickel's tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements or the ability of Widgie Nickel to explore, develop and/or commercialise the resources on its tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation arrangements reached in settling native title claims lodged over any of the tenements held or acquired by Widgie Nickel.

The presence of Aboriginal sacred sites and cultural heritage artefacts on Widgie Nickel's tenements is protected by State and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in Widgie Nickel incurring significant fines and Court injunctions, which may adversely impact on exploration and mining activities. Widgie Nickel will conduct surveys before conducting exploration work which could disturb the surface of the land. Widgie Nickel's tenements currently contain, and may contain additional, sites of cultural significance which will need to be avoided during field programs and any resulting mining operations. The existence of such sites may limit or preclude future exploration or mining activities on those sites and delays and expenses may be experienced in obtaining clearances.

Competition

The industry in which Widgie Nickel will be involved is subject to domestic and global competition. Although Widgie Nickel will undertake reasonable due diligence in its business decisions and operations, Widgie Nickel will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of Widgie Nickel's projects and business.

Safety

Safety is a fundamental risk for any company with regard to personal injury, damage to property and equipment, and other losses. The occurrence of any of these risks could result in legal proceedings against Widgie Nickel and substantial losses to Widgie Nickel due to

injury or loss of life, damage to or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against Widgie Nickel.

Investment risk factors

Non-completion of Capital Reduction and In-Specie Distribution

The Capital Reduction and In-Specie Distribution is conditional upon the Demerger Conditions set out in Section 2.3 being satisfied or waived. There is no certainty that the Demerger Conditions will be satisfied and, in the event the Demerger Conditions are not satisfied, the Capital Reduction, In-Specie Distribution and Entitlement Offer will not proceed.

Widgie Nickel is an unlisted proprietary company

Widgie Nickel is currently an unlisted proprietary company. The Widgie Nickel Shares will not be listed on ASX or any other securities exchange at the time of completion of the Capital Reduction and In-Specie Distribution. Widgie Nickel has applied to convert to a public company limited by shares and intends to raise further capital through the Entitlement Offer and to apply to list on ASX. There is, however, no guarantee that the Entitlement Offer will be successful or that ASX will admit Widgie Nickel to the official list of ASX.

ATO ruling

Neometals has sought a ruling from the ATO in respect of the grant of Demerger Relief in respect of the proposed distribution of Widgie Nickel Shares to Eligible Neometals Shareholders under the Capital Reduction and In-Specie Distribution. There is, however, no guarantee or assurance that Neometals will be successful in obtaining the tax ruling sought. If a favourable tax ruling is not received, this will have tax implications for Neometals and its shareholders and independent advice should be sought in this regard.

Entitlement Offer risk

It is intended that the Entitlement Offer will be fully underwritten. If certain conditions are not satisfied or certain events occur, the underwriter may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the total amount of proceeds that could be raised under the Entitlement Offer and Widgie Nickel will need to consider other funding options. If Widgie Nickel has not been admitted to the Official List of ASX by 31 October 2021 then Neometals intends to provide Widgie Nickel with an appropriate level of short term financial support on arm's length terms to ensure that Widgie Nickel is in a position to meet its financial liabilities and obligations for a reasonable period in order to pursue alternate capital raising options.

Economic factors

General economic conditions, movements in interest and inflation rates, and currency exchange rates may have an adverse effect on Widgie Nickel's activities as well as on its ability to fund those activities. General economic conditions may also affect the value of Widgie Nickel and its valuation regardless of its actual performance.

Market conditions

Share market conditions may affect the value of Widgie Nickel Shares regardless of Widgie Nickel's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither Widgie Nickel nor the Widgie Nickel Directors warrant the future performance of Widgie Nickel or any return on an investment in Widgie Nickel.

Shareholder dilution

In the future, Widgie Nickel may elect to issue Widgie Nickel Shares to fund or raise proceeds for working capital, growth, acquisitions, to repay debt, or for any other reason.

While Widgie Nickel will be subject to the constraints of the Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply) following admission to the Official List of ASX, Widgie Nickel Shareholder interests may be diluted and Widgie Nickel Shareholders may experience a loss in value of their equity as a result of such issues of Widgie Nickel Shares and fundraisings.

Currently no market

There is currently no public market for Widgie Nickel Shares, the price of Widgie Nickel Shares is subject to uncertainty, and there can be no assurance that an active market for Widgie Nickel Shares will develop or continue after the Entitlement Offer.

The price at which Widgie Nickel Shares trade on ASX after listing may be higher or lower than the issue price of Widgie Nickel Shares offered under the Entitlement Offer and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which Widgie Nickel and the Widgie Nickel Directors have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in Widgie Nickel Shares will develop or that the price of Widgie Nickel Shares will increase. There may be relatively few or many potential buyers or sellers of the Widgie Nickel Shares on ASX at any given time. This may increase the volatility of the market price of Widgie Nickel Shares. It may also affect the prevailing market price at which Widgie Nickel Shareholders are able to sell their Widgie Nickel Shares. This may result in Widgie Nickel Shareholders receiving a market price for their Widgie Nickel Shares that is above or below the price that Widgie Nickel Shareholders paid.

Dividend risk

As an exploration company funded by shareholders, Widgie Nickel currently does not pay dividends. Payments of dividends on Widgie Nickel Shares is within the discretion of the Widgie Nickel Board and will depend upon Widgie Nickel's future earnings, its capital requirements, financial performance, and other relevant factors. Widgie Nickel does not currently intend to declare any dividends until the Mt Edwards Project achieves production and profitability.

Australian Accounting Standards

Changes to the AAS are determined by the AASB. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key statements of profit or loss and balance sheet items, including revenue and receivables, may differ. Changes to AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially and adversely affect the financial performance and position reported in Widgie Nickel's financial statements.

Changes in taxation laws and their interpretation

Tax laws in Australia are complex and are subject to change periodically as is their interpretation by the relevant courts and the tax revenue authorities. Changes in tax law (including transfer pricing, GST, stamp duties and employment taxes), or changes in the way tax laws are interpreted may impact the tax liabilities of Widgie Nickel, Widgie Nickel Shareholder returns, the level of dividend imputation or franking, or the tax treatment of a Shareholder's investment.

In particular, both the level and basis of taxation may change. The tax information provided in the Notice of Meeting is based on current taxation law in Australia as at the date of the Notice of Meeting. Tax law is frequently being changed, both prospectively and retrospectively.

In addition, tax authorities may review the tax treatment of transactions entered into by Widgie Nickel. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of such transactions may increase Widgie Nickel's tax liabilities or expose it to legal, regulatory or other actions.

An interpretation of the taxation laws by Widgie Nickel that is contrary to that of a revenue authority in Australia may give rise to additional tax payable. In order to minimise this risk, Widgie Nickel obtains external expert advice on the application of the tax laws to its operations (as applicable).



Neometals

Neometals Ltd ACN 099 116 631

Short Form Prospectus

For an offer to transfer Widgie Nickel Shares to Neometals Shareholders pursuant to a Capital Reduction by way of In-Specie Distribution being the subject of the Capital Reduction Resolution in the Notice of Meeting dated 20 July 2021 and to facilitate secondary trading of those Widgie Nickel Shares.

IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Neometals Directors consider an investment in Widgie Nickel Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution to be speculative.

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1	Important notices
2	The Offer
3	Information deemed to be incorporated in this Prospectus
4	Additional information
5	Directors' authorisation
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1 Important notices

1.1 General

This Prospectus is issued by Neometals Ltd ACN 099 116 631 (**Neometals** or the **Company**).

This Prospectus is dated 20 July 2021 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. None of ASIC, the Australian Securities Exchange (**ASX**) nor any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Widge Nickel Shares will be offered or transferred on the basis of this Prospectus after the Expiry Date.

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only, without consideration for your particular investment objectives, financial situation or particular needs.

It is important that you read this Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, carefully and in full.

In particular, you should consider the risk factors that could affect the business, financial condition and financial performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Neometals Directors, or any other person in connection with this Prospectus. You should rely only on information in this Prospectus.

Defined terms and abbreviations used in this Prospectus have the meanings given in the Glossary or as provided in the context in which they appear.

Unless otherwise stated or implied, references to times in this Prospectus are to Perth Time. Unless otherwise stated or implied, references to dates or years are calendar year references.

References to '\$', 'A\$' or 'AUD' are references to Australian currency, unless otherwise stated.

1.2 Short form prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 20 July 2021.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Widgie Nickel Shares under this Prospectus and contains information that will provide Neometals Shareholders and their professional advisers to assist them in making an informed assessment of:
 - (1) the rights and liabilities attaching to the Widgie Nickel Shares;
 - (2) the assets, liabilities and financial position and prospects of Widgie Nickel;
- (b) refers Neometals Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs Neometals Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting or the Neometals Constitution by contacting the Company at its registered office during normal business hours during the period of the Offer; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Neometals Shareholders and their professional advisers or analysts.

You may, prior to the EGM, obtain a paper copy of this Prospectus (free of charge) by contacting the Company Secretary on +61 8 9322 1182 or by sending an email to cosec@neometals.com.au.

1.3 Exposure Period

The Corporations Act prohibits the Company from transferring the Widgie Nickel Shares in the seven day period after the date of lodgement of the Prospectus (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the transfer of the Widgie Nickel Shares. As the EGM will be held on 18 August 2021 and the In-Specie Distribution will occur after that date, the Exposure Period will have expired by the time the In-Specie Distribution occurs.

1.4 Forward looking statements

This Prospectus contains forward looking statements which may be identified by words such as 'anticipates', 'may', 'should', 'could', 'likely', 'believes', 'estimates', 'expects', 'targets', 'predicts', 'projects', 'forecasts', 'intends', 'guidance', 'plan' and other similar words that involve risks and uncertainties.

For personal use only

These forward looking statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. The Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in the Notice of Meeting and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of the Company, the Neometals Directors and the Company's management. The Company, the Neometals Directors and the Company's management cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

1.5 Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Offer in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, persons in the United States. Widgie Nickel Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred directly or indirectly, in the United States unless the Widgie Nickel Shares have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act and any other applicable US state securities laws is available.

2 The Offer

2.1 Terms and conditions of the Offer

The terms and conditions of the Offer are detailed in the Notice of Meeting accompanying this Prospectus.

In broad terms, the Notice of Meeting includes the Capital Reduction Resolution pursuant to which Neometals proposes an equal capital reduction to be satisfied by the distribution and transfer of 130,000,000 Widgie Nickel Shares held by Neometals to Eligible Neometals Shareholders registered as such on the In-Specie Distribution Record Date in proportion to their respective holdings of Neometals Shares as at that date.

The Capital Reduction and In-Specie Distribution will only proceed if the following conditions are met (together, the **Demerger Conditions**):

- (a) **(Neometals approvals)** Neometals obtaining all necessary shareholder approvals required by the Corporations Act, the Listing Rules and the Neometals Constitution to give effect to the Capital Reduction and In-Specie Distribution; and
- (b) **(No regulatory intervention)** no regulatory intervention occurring that would otherwise prevent the Capital Reduction and In-Specie Distribution from proceeding.

As set out in ASIC Regulatory Guide 188, the invitation to Neometals Shareholders to vote on the Capital Reduction Resolution constitutes an offer to transfer the Widgie Nickel Shares to Neometals Shareholders for the purposes of Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief has been sought from ASIC, Neometals has prepared this Prospectus to accompany the Notice of Meeting.

Ineligible Neometals Shareholders will have their pro rata entitlement of Widgie Nickel Shares sold by Neometals' sale nominee, Euroz Hartleys Limited (**Nominee**), and the net proceeds paid to the Ineligible Neometals Shareholders, with the timing of the sale to coincide with Widgie Nickel successfully completing the Entitlement Offer, being admitted to ASX and a market for Widgie Nickel Shares being established on ASX.

The Nominee will act on a best efforts only basis to sell the Ineligible Neometals Shareholders' Widgie Nickel Shares, and will not be liable to the Ineligible Neometals Shareholders for any loss suffered as a result.

If the Nominee elects to sell the Widgie Nickel Shares on behalf of an Ineligible Neometals Shareholder, Neometals will then account to that shareholder for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-Specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such a shareholder may be more or less than the notional dollar value of the reduction of capital.

2.2 Effect of the Offer on Neometals

The principal effects of the Offer on Neometals will be as follows:

- (a) Neometals will cease to hold the 130,000,000 Widgie Nickel Shares to be distributed and transferred to Neometals Shareholders under the Capital Reduction and In-Specie Distribution; and
- (b) Neometals' share capital will be reduced by the amount to be assessed by the Neometals Directors as the market value of the 130,000,000 Widgie Nickel Shares less a Demerger Dividend (if any).

2.3 Effect of the Offer on Widgie Nickel

The principal effect of the Offer on Widgie Nickel will be that 130,000,000 Widgie Nickel Shares will be distributed and transferred to Eligible Neometals Shareholders that are registered on the In-Specie Distribution Record Date or to the Nominee.

2.4 Action required by Neometals Shareholders

No action is required to be taken by Neometals Shareholders under this Prospectus.

If Neometals Shareholder approval is obtained for the Capital Reduction Resolution then the Widgie Nickel Shares will be distributed and transferred to Eligible Neometals Shareholders in accordance with the terms set out in the Notice of Meeting.

In accordance with ASIC Corporations (Application Form Requirements) Instrument 2017/241, no application form is required to be completed or returned to participate in the proposed distribution and transfer of Widgie Nickel Shares under the Capital Reduction and In-Specie Distribution and no application is included in or accompanies this Prospectus.

If you have any queries regarding this Prospectus, please contact the Company Secretary on +61 8 9322 1182.

3 Information deemed to be incorporated in this Prospectus

3.1 Short form prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be given in a document of this type, however, it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Neometals Shareholders require in relation to the Capital Reduction and In-Specie Distribution, and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus. The material provisions of the Notice of Meeting are summarised below in Section 3.2 of this Prospectus and will primarily be of interest to Neometals Shareholders and their professional advisers.

A copy of the Notice of Meeting has been despatched to Neometals Shareholders with this Prospectus. However, Neometals Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting Neometals at its registered office during normal business hours.

3.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are references to Sections and Schedules contained in the Explanatory Memorandum to the Notice of Meeting.

(a) Section 1.6 – Important Notices

This Section sets out the indicative timetable for the In-Specie Distribution and Entitlement Offer.

(b) Section 2.1 – Background and overview of the In-Specie Distribution and Entitlement Offer

This Section provides an overview of the In-Specie Distribution and Entitlement Offer.

(c) Section 2.2 – Steps to implement the Capital Reduction and In-Specie Distribution

This Section provides an overview of the steps to implement the Capital Reduction and In-Specie Distribution.

(d) Section 2.3 – Demerger Conditions

This Section provides an overview of the Demerger Conditions.

(e) Section 2.4 – Current structure of Neometals

This Section provides an overview of the current structure of Neometals.

(f) Section 2.5 – Proposed structure of Neometals and Widgie Nickel

This Section provides an overview of the proposed structure of Neometals and Widgie Nickel.

(g) Section 2.6 – Plans for Neometals following completion of the Capital Reduction and In-Specie Distribution

This Section details Neometals' anticipated future plans if the Capital Reduction and In-Specie Distribution is completed.

(h) Section 2.7 – Background of the Mt Edwards Project

This Section provides background information of the Mt Edwards Project including details of the mining tenements comprising the project and previous exploration undertaken on the Mt Edwards Project.

(i) Section 2.8 – Plans for Widgie Nickel following completion of the Capital Reduction and In-Specie Distribution

This Section details Widgie Nickel's anticipated future plans if the Capital Reduction and In-Specie Distribution is completed.

(j) Section 2.9 – Capital Reduction

This Section provides an overview of the Capital Reduction and details the effect of the Capital Reduction on Neometals Shareholders.

(k) Section 2.10, Schedule 2 and Schedule 3 – Pro forma financial position of Neometals and Widgie Nickel upon completion of the In-Specie Distribution and Entitlement Offer

Schedule 2 contains the historical financial information for Neometals, together with the pro forma financial information for Neometals following completion of the In-Specie Distribution and Entitlement Offer.

Schedule 3 contains a pro forma statement of financial position for Widgie Nickel, reflecting completion of the In-Specie Distribution and Entitlement Offer.

(l) Section 2.11 – Advantages and disadvantages of the Capital Reduction and In-Specie Distribution

This Section outlines the principle advantages and disadvantages to Neometals Shareholders of the Capital Reduction and In-Specie Distribution.

(m) Section 2.12 – Failure to achieve completion of the Capital Reduction and In-Specie Distribution

This Section sets out Neometals' potential future plans in the event that the Capital Reductions and In-Specie Distribution do not complete.

(n) Section 2.13 – Entitlement Offer

This Section summarises the Entitlement Offer.

(o) Section 2.14 – Widgie Nickel Board and key management personnel

This Section sets out information about Widgie Nickel's proposed board of directors and key management personnel.

(p) Section 2.16 and Schedule 4 – Risk factors

This Section and Schedule 4 set out general and specific risk factors which may affect Widgie Nickel and the value of its securities.

(q) Section 2.18 – Neometals Directors' interests

This Section details the Neometals Directors' interests in Neometals and Widgie Nickel.

(r) Section 2.20 – Additional important information for Neometals Shareholders

This Section details Neometals' capital structure and Widgie Nickel's capital structure.

(s) Section 2.22 – Section 256C of the Corporations Act

This Section provides a statement that the Neometals Directors believe that the Capital Reduction and In-Specie Distribution is fair and reasonable to Neometals Shareholders as a whole and does not materially prejudice Neometals' ability to pay its creditors.

(t) Section 2.23 – ASX Listing Rule 7.17

This Section stipulates that the Capital Reduction and In-Specie Distribution satisfy the requirements of Listing Rule 7.17.

(u) Section 2.24 – Effect of Neometals Shareholder approval

This Section outlines the effect the Capital Reduction and In-Specie Distribution will have on Eligible Neometals Shareholders and the treatment of overseas Neometals Shareholders.

(v) Section 2.25 – Information concerning Widgie Nickel shares

This Section contains a summary of the more significant rights and liabilities attaching to Widgie Nickel Shares.

(w) Section 2.26 – Taxation

This Section provides an overview of the taxation implications for Neometals' Shareholders and Neometals itself.

(x) Section 2.27 – ASX confirmations

This Section sets out the in-principle confirmations Widgie Nickel has received from ASX.

(y) Section 2.28 – Competent Person's statement

This Section contains the competent person's statements with respect to exploration results and mineral resource estimates for the Mt Edwards Project.

(z) Sections 2.29 and 2.31 – Lodgement with ASIC and other material information

These Sections provide information on the lodgement of the Notice of Meeting with ASIC and set out a confirmation from Neometals in respect of the information provided in the Notice of Meeting.

4 Additional information

4.1 Interests of Widgie Nickel Directors

The Widgie Nickel Directors' interests in the securities of Widgie Nickel following implementation of the Capital Reduction and In-Specie Distribution, and completion of the Entitlement Offer will be as follows:

Name	Approximate number of Widgie Nickel Shares each Widgie Nickel Director will receive ¹	Widgie Nickel Options ³	Widgie Nickel Performance Rights
Steve Norregaard	6,090 ²	3,900,000	0
Andrew Parker	0	900,000	0
Scott Perry	0	600,000	0
Felicity Repacholi-Muir	0	600,000	0

Notes:

1. Assuming a 1 for 4.218 ratio for the In-Specie Distribution for illustrative purposes only.
2. Widgie Nickel shareholding obtained by virtue of Steve Norregaard being a current shareholder of Neometals.
3. The Widgie Nickel Options to be issued to Widgie Nickel Directors upon admission to the Official List of ASX will be issued in three equal tranches with the following key terms and conditions:
 - a) Tranche 1: Widgie Nickel Options with an exercise price of \$0.20 with an expiry date of 36 months after listing (vesting 6 months after listing subject to continued service);
 - b) Tranche 2: Widgie Nickel Options with an exercise price of \$0.30 with an expiry date of 36 months after listing (vesting 18 months after listing subject to continued service); and
 - c) Tranche 3: Widgie Nickel Options with an exercise price of \$0.40 with an expiry date of 36 months after listing (vesting 24 months after listing for Steve Norregaard subject to continued service and 30 months after listing for the other Widgie Nickel Directors subject to continued service).

Except as set out elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Widgie Nickel Director holds, or during the last two years before lodgement of this Prospectus with ASIC, held, an interest in:
 - (1) the formation or promotion of Widgie Nickel;
 - (2) property acquired or proposed to be acquired by Widgie Nickel in connection with its formation or promotion or the Offer; or

- (3) the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Widgie Nickel Director either to induce them to become, or to qualify, as a Widgie Nickel Director or otherwise for services rendered by them in connection with the formation or promotion of Widgie Nickel or the Offer.

4.2 Remuneration of Widgie Nickel Directors

The annual remuneration of Widgie Nickel's Directors following implementation of the Capital Reduction and In-Specie Distribution, and completion of the Entitlement Offer will be as follows:

Name	Remuneration (excluding superannuation entitlements)
Steve Norregaard – Managing Director	\$400,000
Andrew Parker – Independent Chairman	\$80,000
Scott Perry – Independent Non-Executive Director	\$55,000
Felicity Repacholi-Muir – Independent Non-Executive Director	\$55,000

4.3 Interests of advisers

Except as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of Widgie Nickel or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of Widgie Nickel;
- (b) any property acquired or proposed to be acquired by Widgie Nickel in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of Widgie Nickel or the Offer.

Herbert Smith Freehills has acted as legal adviser (other than in relation to taxation and stamp duty matters) to the Company in relation to the Offer. Neometals has paid, or agreed to pay, approximately \$85,000 (excluding GST and disbursements) for these services up until the Prospectus Date. Further amounts may be paid to Herbert Smith Freehills for other work in accordance with its normal time-based charges.

4.4 Consents

Each of the parties listed below (each a consenting party) to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Herbert Smith Freehills has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as legal adviser (other than in relation to taxation and stamp duty matters) to the Company in relation to the Offer in the form and context in which it is named; and
- Euroz Hartleys Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as sale nominee in relation to the Offer.

No consenting party referred to in this section has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each consenting party referred to in this section has not authorised or caused the issue of this Prospectus, does not make any offer of shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this section.

4.5 Substantial Widgie Nickel Shareholders

As at the date of this Prospectus, Widgie Nickel is a wholly owned subsidiary of Neometals.

Based on the information known as at the date of this Prospectus, and assuming the Entitlement Offer is successfully completed, there will be no person with an interest in 5% or more of the issued share capital of Widgie Nickel following implementation of the In-Specie Distribution and completion of the Entitlement Offer.

4.6 Litigation

As at the date of this Prospectus, Widgie Nickel is not involved in any legal proceedings, and Neometals Directors are not aware of any legal proceedings pending or threatened against Widgie Nickel.

4.7 Dividend policy

Neometals does not expect Widgie Nickel to declare any dividends in the near future as its focus will primarily be the development of the Mt Edwards Project.

Any future determination as to the payment of dividends by Widgie Nickel will be at the discretion of the Widgie Nickel Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of Widgie Nickel, future capital requirements and general business and other factors considered relevant by the Widgie Nickel Directors. No assurances can be given by Neometals Directors in relation to the payment of dividends by Widgie Nickel.

5 Directors' authorisation

This Prospectus has been authorised by each Neometals Director who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Neometals Directors by:



Chris Reed
Managing Director

6 Glossary

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange that it operates, as the context requires.
Capital Reduction	the equal capital reduction of the Company proposed to be satisfied by the In-Specie Distribution and transfer to Eligible Neometals Shareholders (in proportion to their holdings of Neometals Shares) of all of the issued share capital of Widgie Nickel (being 130,000,000 Widgie Nickel Shares).
Capital Reduction Resolution	Resolution 1 of the Notice of Meeting to be put to Neometals Shareholders at the EGM to approve the Capital Reduction.
Company or Neometals	Neometals Ltd ACN 099 116 631.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Demerger Conditions	has the meaning given in section 2.1 of this Prospectus.
Demerger Dividend	the dividend component of the Capital Reduction and In-Specie Distribution.
EGM	the meeting that is the subject of the Notice of Meeting.
Eligible Country	means Australia, New Zealand or such other jurisdictions as the Neometals Directors consider reasonable to extend the distribution and transfer of Widgie Nickel Shares.
Eligible Neometals Shareholder	a Neometals Shareholder on the In-Specie Distribution Record Date with a registered address in an Eligible Country.
Entitlement Offer	the non-renounceable, pro rata entitlement offer of Widgie Nickel Shares at an issue price of \$0.20 per Widgie Nickel

Share on the basis of 1 new Widgie Nickel Share for every 0.923 Widgie Nickel Share held by Entitlement Offer Eligible Shareholders at the Entitlement Offer Record Date to raise \$24 million (before costs).

Entitlement Offer Eligible Shareholder	a Widgie Nickel Shareholder on the Entitlement Offer Record Date with a registered address in an Eligible Country.
Entitlement Offer Record Date	Thursday, 26 August 2021.
Expiry Date	the date that is 13 months after the Prospectus Date.
Exposure Period	the seven day period commencing after lodgement of this Prospectus with ASIC, which may be extended by ASIC for up to an additional seven days.
Ineligible Neometals Shareholders	a Neometals Shareholder with an address outside of Australia or New Zealand on the In-Specie Distribution Record Date.
In-Specie Distribution	the proposed in-specie distribution and transfer of 130,000,000 Widgie Nickel Shares by Neometals to Eligible Neometals Shareholders.
In-Specie Distribution Record Date	Tuesday, 24 August 2021.
Listing Rules	the listing rules of ASX as amended, modified or waived from time to time.
MELPL	Mt Edwards Lithium Pty Ltd ACN 613 827 311.
Mt Edwards Project	the project comprising the Tenements which are located approximately 540km east of Perth and 80km south of Kalgoorlie in the Norseman-Widgiemooltha district in the Eastern Goldfields region of Western Australia.
Neometals Constitution	the constitution of the Company.

Neometals Director	a director of the Company.
Neometals Share	a fully paid ordinary share in the Company.
Neometals Shareholder	a holder of a Neometals Share.
Nominee	Euroz Hartleys Limited.
Notice of Meeting	the Notice of Extraordinary General Meeting of the Company dated 20 July 2021.
Offer	the offer of Widgie Nickel Shares to Neometals Shareholders pursuant to the Notice of Meeting.
Official List	the official list of ASX.
Perth Time	the official time in Perth, Australia.
Prospectus	this short form prospectus prepared in accordance with section 712 of the Corporations Act and dated 20 July 2021.
Prospectus Date	the date on which a copy of this Prospectus was lodged with ASIC, being 20 July 2021.
Tenements	the 49 mining tenements (including pending mining tenements) comprising: E15/1505, E15/1507, E15/1553, E15/1576, E15/1583, E15/1665, E15/1679, E15/1749, L15/102, L15/254, L15/280, L15/397, L15/426, M15/74, M15/75, M15/96, M15/97, M15/99, M15/100, M15/101, M15/102, M15/653, M15/698, M15/699, M15/1271, P15/5905, P15/5906, P15/6092, P15/6362, P15/6387, P15/6408, P15/6539, P15/6570, P15/6612, E15/989, M15/45, M15/46, M15/48, M15/87, M15/77, M15/78, M15/79, M15/80, M15/94, M15/103, M15/105, M15/478, M15/633 and M15/693.
US Securities Act	the United States Securities Act of 1933, as amended.

Widgie Nickel	Widgie Nickel Pty Ltd ACN 648 687 094 (to be converted to a public company limited by shares and renamed Widgie Nickel Limited).
Widgie Nickel Director	a director of Widgie Nickel.
Widgie Nickel Prospectus	the prospectus to be issued by Widgie Nickel in connection with the Entitlement Offer.
Widgie Nickel Share	a fully paid ordinary share in Widgie Nickel.
Widgie Nickel Shareholder	a holder of a Widgie Nickel Share.

Nm

Neometals

ABN 89 099 116 631

NMT

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **3:00pm (AWST) on Monday, 16 August 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Neometals Ltd hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Neometals Ltd to be held at Parmelia Hilton, 14 Mill Street, Perth WA 6000 on Wednesday, 18 August 2021 at 3:00pm (AWST) and at any adjournment or postponement of that meeting.

Step 2

Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

For Against Abstain

1 Approval for an equal capital reduction and in-specie distribution of Widgie Nickel Shares

☐☐☐

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the resolution, in which case an ASX announcement will be made.

Step 3

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

NMT

2 7 8 1 7 0 A



Computershare

