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# Hannans and Neometals announce collaboration agreement

4TH MARCH 2016 BY: [ESMARIE SWANEPOEL](#) - CREAMER MEDIA SENIOR DEPUTY EDITOR: AUSTRALASIA

**P**ERTH (miningweekly.com) – ASX-listed juniors Hannans Reward and Neometals have signed a strategic collaboration agreement that would see Hannans demerge its subsidiary Scandinavian Resources, while Neometals would divest of its subsidiary Reed Exploration.

Subject to shareholder approval, Hannans would demerge the unlisted Scandinavian Resources by making a pro-rata issue of shares to current shareholders.

Neometals would take a 13.5% stake in the demerged entity, and would assist the spin-off to realise lithium, cobalt and carbon opportunities in Scandinavia through a technical assistance agreement.

In parallel, Neometals would divest of its own subsidiary Reed Exploration to Hannans, in exchange for 620.8-million fully paid ordinary shares in Hannans, at a deemed issue price of 3c each.

Following the transaction, Neometals would hold a 40% interest in Hannans.

The completion of the Reed Exploration transaction was subject to a number of conditions, including Hannans raising A\$1.25-million through a share placement, of which Neometals had agreed to underwrite A\$250 000, the company consolidating its capital on a 10:1 basis, the successful completion of due diligence studies and Hannans receiving the necessary shareholder and regulatory approvals.

“This strategic collaboration with Neometals is a fantastic outcome for Hannans

shareholders,” said MD **Damian Hicks** on Friday.

“The demerger of our Swedish projects into a separate unlisted vehicle will enable a dedicated team to take advantage of the significant opportunities we are seeing in European lithium.


“In Neometals, a proven lithium project developer and soon to be producer, we have found the ideal partner which will enable Scandinavian Resources to accelerate its strategy.”

For its part, Neometals told shareholders on Friday that the divestment of Reed Exploration was part of the company’s ongoing strategy to divest of noncore assets and to focus on the development of its lithium and advanced materials business.

Reed Exploration holds a number of gold and nickel joint venture projects in Australia, including the Forrestania, Lake Johnston and Queen Victoria Rocks projects.

The Forrestania project adjoins ground owned by nickel producer Western Areas, and covers some 450 km<sup>2</sup> of tenements in Western Australia.

Hicks said on Friday that the consolidation of ownership of the gold and nickel projects, and the planned capital raising, would enable Hannans to return to its core focus of advancing exploration in the Forrestania nickel sulphide district, and further exploring its gold potential.

“This is a counter-cyclical nickel strategy that will bring great reward for shareholders if a new discovery is made.” 

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