



**ASX Release**  
**30 April 2018**  
**ASX: NLI**

#### **Corporate Directory**

**Non-Executive Chairman**  
John Fitzgerald

**Non-Executive Director**  
Dudley J Kingsnorth

**Managing Director**  
Justin Tremain

**Executive Technical Director**  
Francis Wedin

#### **Fast Facts**

Issued Capital	372.8m
Market Cap	\$19.4m
Cash (31 Mar 18)	\$16.0m
Enterprise Value	\$3.4m

#### **Contact Details**

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## **Quarterly Activities Report**

### **For the period ending 31 March 2018**

#### **Highlights**

- **Continued attempt to achieve a resolution to the disputed ownership rights over the Sepeda Lithium Project, Portugal**
- **Ongoing identification and assessment of advanced exploration projects to satisfy ultimate objective of enhancing shareholder value**
- **Mr Justin Tremain joined the Board in the capacity of Managing Director**
- **Overhead cost reductions implemented to preserve strong cash position**
- **Cash position of ~\$16.0 million as at 31 March 2018**

Novo Lítio Limited's ("Novo Lítio" or "Company") has had a strategy to become a sustainable supplier of low impurity lithium concentrates and/or lithium carbonate/hydroxide, to the high-tech glass and ceramics industry and the European electric vehicle and stationary storage battery markets respectively, via its lithium projects in northern Portugal and Scandinavia.

The Company's goals have been hindered by ongoing delays linked to a legal dispute regarding the ownership rights to its flagship project, the Sepeda Lithium Project located in Portugal ("Sepeda Project"). Whilst the Company attempts to resolve the dispute, it has broadened its focus to identify and assess other mineral projects that may offer value enhancing opportunities.

## Projects

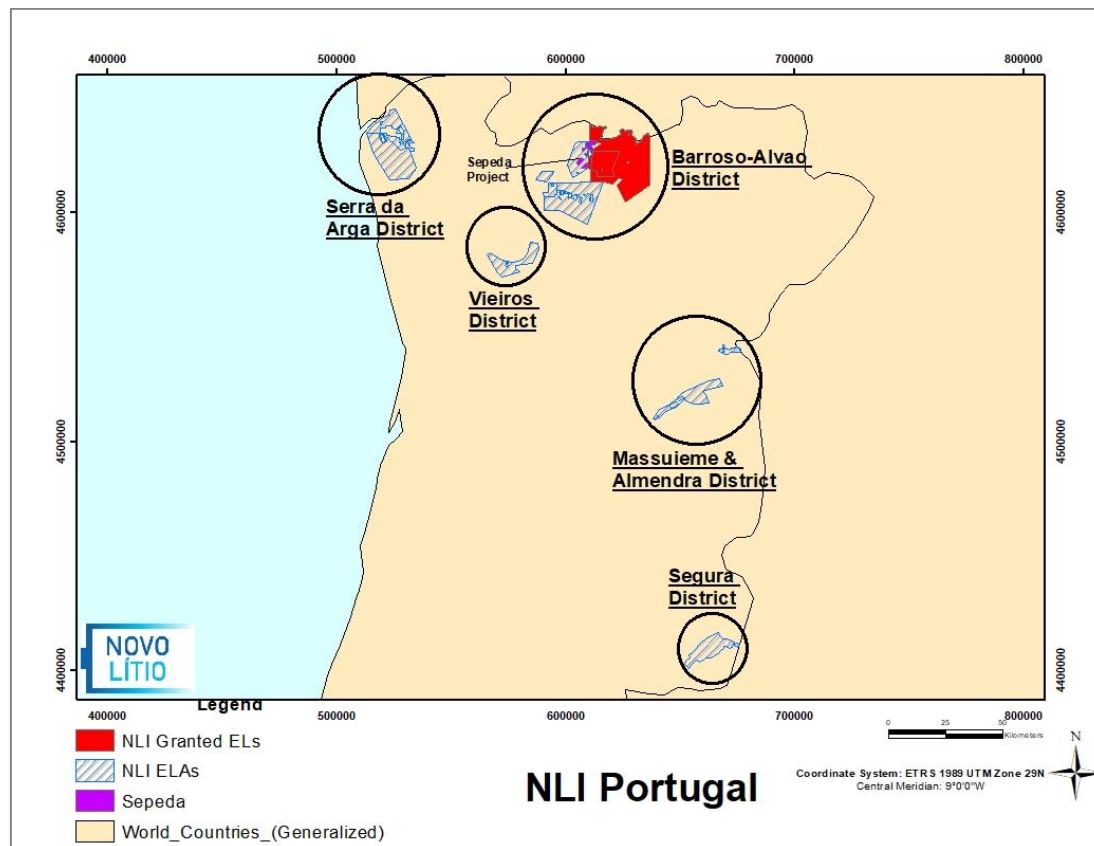
### Portugal | Lithium Projects

#### Northern Portugal

Novo Lítio’s Portuguese Lithium Projects consist of approximately 391km<sup>2</sup> of granted exploration licenses (including the disputed Sepeda Project, refer below) and 1,200km<sup>2</sup> of exploration license applications in Northern Portugal. They are located over three broad districts of pegmatitic dyke swarms, which contain spodumene-and petalite-bearing pegmatites. Some of the applications are subject to competing applications and are likely to go through a public tender process before grant.

The Northern Portugal Project areas are located within three main districts of the Serra de Arga, Barroso-Alvão and Barca de Alva pegmatite fields, all three of which are highly prospective for spodumene-petalite type lithium mineralisation. Portugal, as the leading lithium producer in Europe, was identified by the Company in early 2016 to be a high priority jurisdiction for lithium exploration.

Figure 1 | Location of the Company’s Lithium Projects in Northern Portugal



## Sepeda Project

The Company's flagship project in Portugal is the Sepeda Project which covers a granted exploration licence area of 37km<sup>2</sup>, located in the Barroso-Alvão region of Northern Portugal. The Sepeda Project is registered in the name of Lusorecursos Lda ("Lusorecursos") with whom the Company entered into a binding agreement ("Acquisition Agreement") to acquire 100% of the Sepeda Project for consideration of approximately €1.0 million cash, comprising a €250,000 milestone payment on a JORC Mineral Resource of 5Mt @ > 1.2%Li<sub>2</sub>O and a €750,000 milestone payment upon a JORC Mineral Resource of 15Mt @ > 1.2% Li<sub>2</sub>O (refer ASX announcement dated 1 June 2016).

Novo Lítio announced a greenfield lithium discovery at the Sepeda Project in October 2016 and announced a maiden JORC Inferred Mineral Resource Estimate for the Sepeda deposit of 10.3Mt @ 1.0% Li<sub>2</sub>O in February 2017 (refer ASX announcement dated 20 February 2017). Unfortunately, the conditions to the completion of the Acquisition Agreement with Lusorecursos were not satisfied by the required completion date of 31 May 2017 contained in the Acquisition Agreement. Furthermore, the Company's attempt to make the initial milestone payment of €250,000 to Lusorecursos, triggered by the announcement of the maiden mineral resource estimate, was unsuccessful with the payment returned to the Company by Lusorecursos. The Company obtained a legal opinion that the Acquisition Agreement remained legally enforceable based on a legal premise that the conditions to completion were not met by the required date due to frustration by Lusorecursos. Accordingly, Novo Lítio commenced legal proceedings in the Portuguese Courts to seek enforcement of the Acquisition Agreement.

## Sepeda Legal Dispute

As previously disclosed, Novo Lítio's request to the Portuguese Court for expedited legal proceedings to hear the Lusorecursos dispute was denied in December 2017 (refer ASX announcement dated 6 December 2017). The Company has been unable to appeal this decision. As a result, Novo Lítio's advice is that legal proceedings to resolve the Sepeda dispute will be protracted.

A long period of uncertainty is not in the interest of either Novo Lítio or Lusorecursos or the local community who support the Project. Novo Lítio believes it is in the interest of all stakeholders to resolve the legal dispute commercially and quickly. During the March Quarter, Novo Lítio has been making a concerted effort to engage with Lusorecursos, on a without prejudice basis, in an attempt to resolve the matter outside of the Portuguese Court process.

In the past, discussions were hindered by an acrimonious relationship with Lusorecursos; which the Company is now endeavouring to turn around through constructive dialogue. Should this approach prove unsuccessful the Company will pursue its legal rights. Novo Lítio will keep shareholders informed of any progress on the matter.

Given the Sepeda Project licences are registered in the name of Lusorecursos with the Portuguese General Directorate of Energy and Geology ("DGEG"), it is not legally possible for the DGEG to recognise Novo Lítio's application for a mining licence over the Sepeda Project. The DGEG is aware of the legal dispute between Novo Lítio and Lusorecursos.

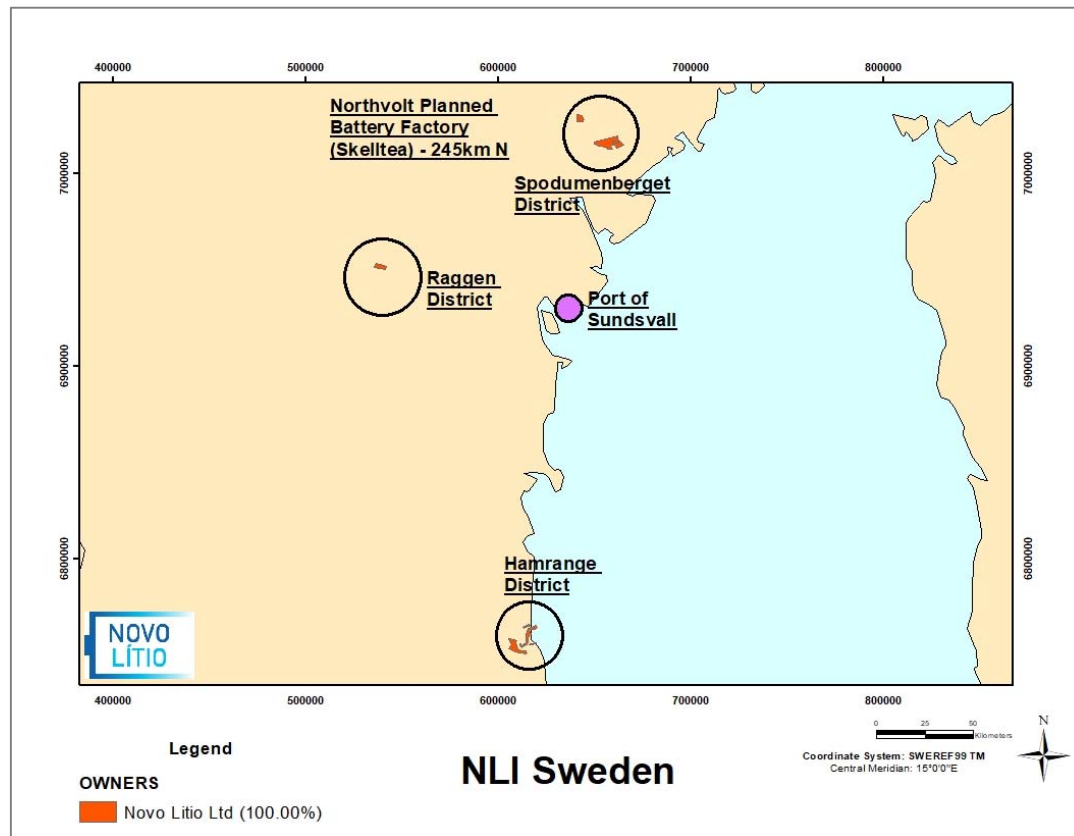
## Sweden | Lithium Projects

### Spodumenberget Project

The Spodumenberget Project is located in central Sweden, in the locality of Örnsköldsvik, in Västernorrland County and contains a quality portfolio of exploration leases totalling 126km<sup>2</sup> over three highly prospective areas for spodumene lithium mineralisation. It is 245km south by road of Northvolt's planned lithium-ion battery factory in Skellefteå<sup>1</sup>. Surface sampling at the Spodumenberget Project has yielded high grade results including 2.77% Li<sub>2</sub>O, 7,820ppm Ta and 653ppm Sn from spodumene-bearing pegmatites (refer ASX announcement dated 28 July 2017). Mapping has shown the presence of pegmatite outcrops over a strike length of 340m, and up to 100m wide, with surrounding areas masked by glacial cover. Sweden is an attractive mining investment jurisdiction, strategically positioned relative to the burgeoning European lithium market and highly prospective for spodumene-bearing, LCT-pegmatite type lithium mineralisation.

<sup>1</sup> <https://www.reuters.com/article/us-northvolt-scania/vws-scania-backs-northvolts-5-billion-swedish-battery-plant-idUSKBN1FE1FN>

Figure 2 | Location of the Company's Lithium Projects in Sweden



### Hamrånge Project

The Hamrånge Project is a large portfolio of tenements in the Hamrånge Region of Gävle Municipality in Gävleborg County. The project area surrounds the Bergby Lithium Project owned by Leading Edge Materials where drilling activity has returned 10.5m @ 1.62% Li<sub>2</sub>O. Multiple pegmatite units have been identified by Novo Lítio which are being assessed for lithium potential.

### Räggen Project

The Räggen Project is located in the Räggen region of the Bracke Municipality, Jämtland County in Northern Sweden. The Räggen region is a historic tin mining district containing multiple historical occurrences of LCT-type pegmatites and is believed to be prospective for lithium mineralisation.

### Activities during the March Quarter

The Swedish projects complement Novo Lítio's Portuguese assets and its strategy to be a sustainable supplier of lithium carbonate/hydroxide to the European markets. Novo Lítio has completed permitting to undertake drilling at the Spodumenberget Project. Consistent with the Company's overhead cost reductions and desire to preserve its strong cash position whilst it attempts to resolve the Sepeda Project dispute, the Company has been undertaking desktop technical reviews of the Spodumenberget Project before committing to this maiden drilling program.

## Project Generation

In addition to endeavouring to resolve the Sepeda Project ownership dispute, Novo Lítio is seeking to identify and review prospective opportunities both within and outside Portugal to satisfy the Company's ultimate objective of providing value-enhancing opportunities to its shareholders. The Company's experienced management team and strong cash position places it in an excellent position to pursue additional opportunities.

During the March Quarter the Company identified and reviewed numerous mineral projects both within Australia, Portugal and elsewhere in the World. A number of these opportunities remain under consideration and assessment by the Company.

## Corporate

As at 31 March 2018, the Company has cash of approximately \$16.0 million. During the March Quarter, the Company implemented a number of cost reduction initiatives to reduce overhead costs and financial commitments and preserve its strong cash position.

In February 2018, Mr Justin Tremain was appointed as Managing Director. Mr Tremain has extensive experience across the mineral resource sector. Most recently, founding Renaissance Minerals Limited ("Renaissance") and listing on the ASX in June 2010. Mr Tremain served as Managing Director until its takeover by Emerald Resources NL (ASX:EMR) in November 2016 where he joined as Executive Director. During his tenure, Mr Tremain oversaw Renaissance's growth as a first mover into the frontier jurisdiction of Cambodia and successfully defined a highly economic +1 Million-ounce JORC gold resource at the Okvau Gold Deposit. A Definitive Feasibility Study on the project was completed in 2017 delivering a JORC Ore Reserve of 907,000 ounces within a single open pit.

### [ASX waiver details](#)

Pursuant to the waiver from ASX Listing rules 7.3.2 and 10.13.3 (granted by ASX and announced on 20 January 2015) ("Waivers"), the Company advises that the following securities, which were the subject of the Waivers, remain to be issued:

- 30,000,000 fully paid ordinary shares to the shareholders of Asgard Metals Pty Ltd and Slipstream Resources Investments Pty Ltd (on a 49:51 basis) upon an Inferred Mineral Resource (in accordance with the requirements of the JORC Code) of 15 million tonnes at 1.2% Li<sub>2</sub>O being identified, on or before 12 February 2021, on the Lynas Find Project tenements previously owned by the Company and now owned by Pilbara Minerals Limited.

For further information please contact

Novo Lítio Limited  
Justin Tremain  
Managing Director  
+61 8 9288 4408

## Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Francis Wedin, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Wedin is a full-time employee of Novo Lítio and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Dr Wedin consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears. All material assumptions and technical parameters underpinning the JORC 2012 reporting tables in the relevant market announcements referenced in this text continue to apply and have not materially changed.

## Tenement Information (ASX LR 5.3.3)

Project (Tenement)	Location	Ownership as at 31 March 2018	Change in Ownership During March 2018 Quarter	Status as at 31 March 2018
E69/3417	Western Australia	100%	N/A	Granted
E69/3418	Western Australia	100%	N/A	Granted
Sepeda Project (MNPP04612)	Portugal	100%	N/A	Granted <sup>1</sup>
Northern Portugal (MNPP01713)	Portugal	100%	N/A	Granted
Northern Portugal (MNPP01015)	Portugal	100%	N/A	Granted
Northern Portugal (MNPPP0394)	Portugal	100%	N/A	Under Application <sup>1,2</sup>
Northern Portugal (MNPPP0275)	Portugal	100%	N/A	Under Application <sup>1,2</sup>
Northern Portugal (MNPPP0393)	Portugal	100%	N/A	Under Application <sup>1,2</sup>
Northern Portugal (MNPPP0396)	Portugal	100%	N/A	Under Application <sup>1,2</sup>
Northern Portugal (MNPPP0274)	Portugal	100%	N/A	Under Application <sup>1,2</sup>
Northern Portugal (MNPPP0395)	Portugal	100%	N/A	Under Application <sup>1,2</sup>
Northern Portugal (MNPPP0407)	Portugal	100%	N/A	Under Application <sup>2</sup>
Northern Portugal (MNPPP0427)	Portugal	100%	N/A	Under Application <sup>2</sup>
Northern Portugal (MNPPP0424)	Portugal	100%	N/A	Under Application <sup>2</sup>
Northern Portugal (MNPPP0426)	Portugal	100%	N/A	Under Application <sup>2</sup>
Northern Portugal (MNPPP0430)	Portugal	100%	N/A	Under Application <sup>2</sup>
Northern Portugal (MNPPP0431)	Portugal	100%	N/A	Under Application <sup>2</sup>
Spodumenberget Project (Dyngselet nr 1)	Sweden	100%	N/A	Granted
Spodumenberget Project (Dyngselet nr 2)	Sweden	100%	N/A	Granted
Spodumenberget Project (Skorped nr 1)	Sweden	100%	N/A	Granted
Hamrange Project (Hamråde nr 100)	Sweden	100%	N/A	Granted
Hamrange Project (Hamråde nr 101)	Sweden	100%	N/A	Granted
Hamrange Project (Hamråde nr 102)	Sweden	100%	N/A	Granted
Hamrange Project (Hamråde nr 103)	Sweden	100%	N/A	Granted
Hamrange Project (Hamråde nr 104)	Sweden	100%	N/A	Granted
Raggen Project (Räggen nr 100)	Sweden	100%	N/A	Granted
Wiagdon Thrust JV (EL 7548)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried
Wiagdon Thrust JV (EL 7549)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried
Wiagdon Thrust JV (EL 6627)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried

Project (Tenement)	Location	Ownership as at 31 March 2018	Change in Ownership During March 2018 Quarter	Status as at 31 March 2018
Wiagdon Thrust JV (EL 7550)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried
Wiagdon Thrust JV (EL 6628)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried
Wiagdon Thrust JV (EL 7756)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried
Wiagdon Thrust JV (EL 6629)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried
Wiagdon Thrust JV (EL 6789)	New South Wales, Australia	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), Novo Lítio free carried

<sup>1</sup> These granted licences and applications are subject to the Acquisition Agreement with Lusorecursos and are subject to a legal dispute between Novo Lítio and Lusorecursos as to the ownership as discussed above.

<sup>2</sup> Several of the licence applications in Northern Portugal are subject to competing licence applications and as such are expected to be subject to a tender process

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

NOVO LITIO LTD

**ABN**

16 009 146 794

**Quarter ended ("current quarter")**

31 MARCH 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(414)	(2,243)
(b) development	-	-
(c) production	-	-
(d) staff costs	(223)	(451)
(e) administration and corporate costs	(135)	(795)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	72	245
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	119
1.8 Other (GST refunded/paid)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(700)</b>	<b>(3,125)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(3)	(256)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	84	84
	(b) tenements (see item 10)	-	-
	(c) investments	-	4,767
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>81</b>	<b>4,595</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	85
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>85</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>(619)</b>	<b>1,555</b>
4.1	Cash and cash equivalents at beginning of period	16,586	14,398
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(700)	(3,125)

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	81	4,595
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	85
4.5	Effect of movement in exchange rates on cash held	26	40
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>15,993</b>	<b>15,993</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,042	341
5.2	Call deposits	14,950	16,244
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>15,992</b>	<b>16,585</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

	<b>Current quarter \$A'000</b>
	171
	-

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	267
9.2 Development	-
9.3 Production	-
9.4 Staff costs	153
9.5 Administration and corporate costs	151
9.6 Other (provide details if material)	(270) <sup>1</sup>
<b>9.7 Total estimated cash outflows</b>	<b>301</b>

<sup>1</sup> Includes forecast interest income, R&D rebate and Portuguese VAT refund

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	*			
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

\*Refer to Quarterly Activities Report for Schedule of Tenements.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



30 April 2018

Sign here: .....  
(Director/Company secretary)

Date: .....

Print name: .....  
Mathew Whyte

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.