

ASX Announcement



19 June 2015

COMPANY DETAILS

COBRE MONTANA NL

ABN: 29 126 129 413

ASX CODE: CXB

PRINCIPAL AND REGISTERED OFFICE

Cobre Montana NL
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POSTAL ADDRESS

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CORPORATE INFORMATION

(19 June 2015)
130M Ordinary Shares
50M Contributing Partly Paid Shares
12M Unlisted Options

BOARD OF DIRECTORS

Eduardo Valenzuela
(Non-Executive Chairman)

George Bauk
(Chairman elect)

Adrian Griffin
(Managing Director)

Bryan Dixon
(Non-Executive Director)

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STRONG NEW RESULTS SEE INITIAL LITHIUM AGREEMENT BETWEEN COBRE MONTANA AND PILBARA MINERALS EXTENDED BY 7 MONTHS

Overview

By mutual agreement, a Memorandum of Understanding (MoU) between Cobre Montana NL (ASX: CXB) and Pilbara Minerals Limited (ASX: PLS) – designed to evaluate the potential for developing a lithium mica processing operation in Western Australia's Pilbara region – has been extended until the end of this year. Currently, CXB has the exclusive Western Australian rights to the only practical metallurgical process for commercial recovery of lithium chemicals from micas.

The extension follows strong new geological results from PLS' drilling at its Pilgangoora project, 150 km southeast of Port Hedland. PLS released the results towards the end of CXB's initial due diligence, due to conclude last month under the terms of the original MoU. With plans for future drilling to extend into areas more favourable for the occurrence of lithium micas, both parties agreed to extend the MoU timeline by 7 months to the end of December 2015.

PLS' drill results coincided with a major 32% upgrade of the Pilgangoora JORC resource, as announced on June 2. The previous estimate was 8.6 Mt at 1.01% LiO₂ for 87,000 tonnes; however, the resource now comprises 12.73 Mt @ 1.42% LiO₂ for 182,000 tonnes of contained lithium oxide.

CXB today welcomed the extension of the MoU, which not only enhances the project's commercial prospects but comes on the eve of a planned shareholder meeting in Perth on July 15 to vote on changing the company's name to 'Lithium Australia', thereby better reflecting its recent successes with the commodity and its growth strategy for the future.

Background

CXB's initial MoU with PLS, executed in November 2014, has now been extended until 30 December 2015. This gives both companies the opportunity to analyse the more substantial database that will eventuate as PLS extends its drilling programme north along the pegmatite swarms at Pilgangoora. Historic records and field observations for Pilgangoora strongly suggest that the potential for lithium micas increases north of the areas drilled to date.

With the MoU extended, CXB can assess the commercial potential of lithium-bearing micas occurring within the Pilgangoora footprint – that is, the likelihood that these micas can be used to produce high-grade lithium carbonate for high-tech batteries.

CXB's due diligence is further underpinned by its exclusive Western Australian licensing rights to the L-Max technology developed by Perth-based Strategic Metallurgy – currently, it is the only practical metallurgical process for the commercial recovery of lithium chemicals from micas.

In a steady-state mini processing plant trial, CXB has demonstrated its ability to recover lithium chemicals from micas. According to the company, these encouraging test results indicate that micas could be processed economically and at commercial rates in the future.

The Pilgangoora project

PLS controls significant lithium resources within the Pilgangoora project (Figure 1).



Figure 1. Location of PLS' Pilgangoora lithium project.

This month, following a reverse-cycle drilling programme completed in April 2015, PLS released an updated JORC 2012 Mineral Resource for the project. The Inferred and Indicated Lithium Resource amounts to 12.73 Mt @ 1.42% Li₂O containing 181,000 tonnes of lithium oxide at a cut-off of 1% Li₂O.

Both the lithium resource and prospective lithium mica mineralisation occur within coarse-grained intrusive rocks known as pegmatites (Figure 2), which outcrop extensively throughout the area.

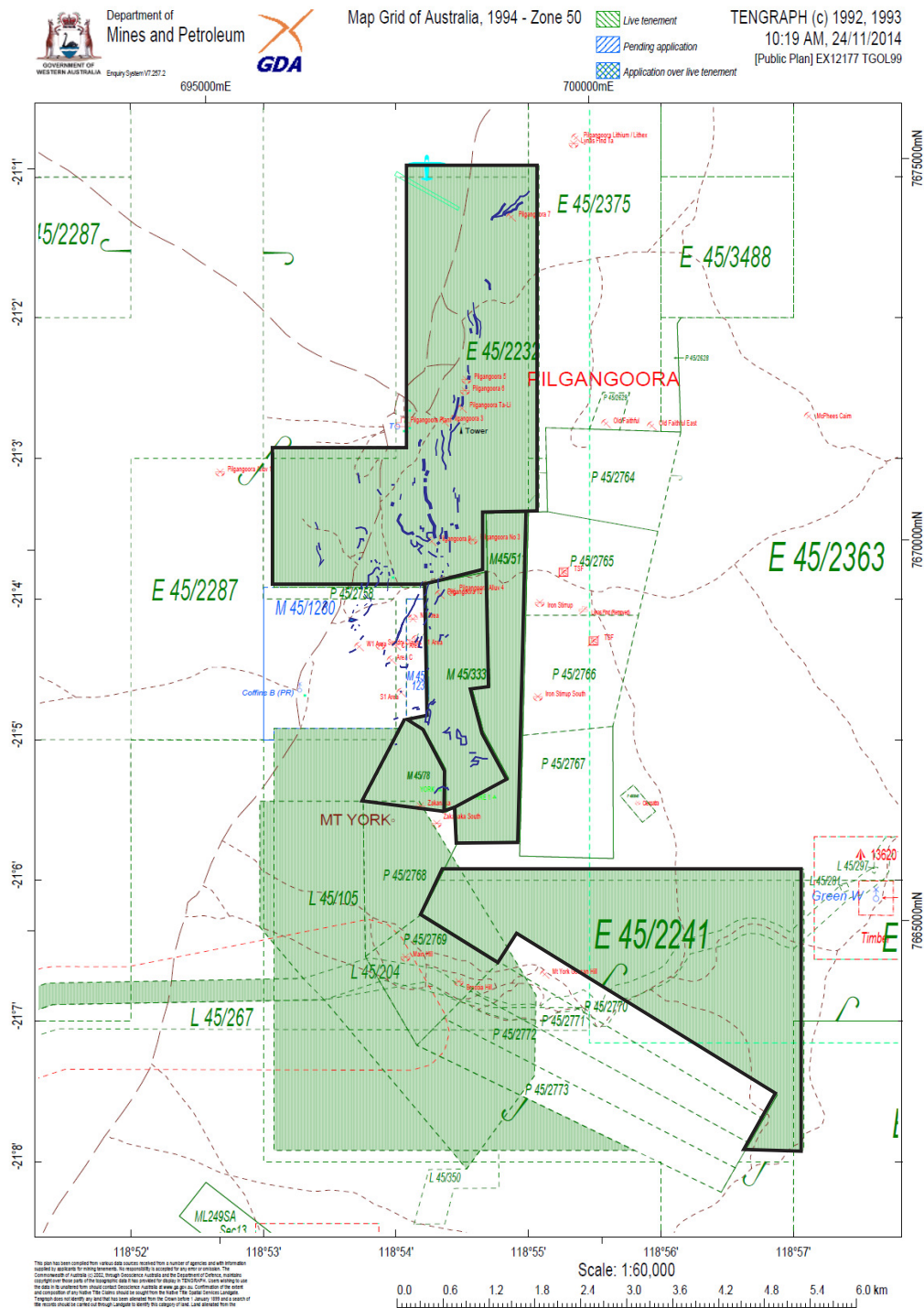


Figure 2. Tenement plan showing PLS' Pilgangoora project tenements (bold outline) and mapped exposure of pegmatites (navy blue).

About Cobre Montana NL

Cobre Montana has a technical alliance with Strategic Metallurgy P/L to commercialise disruptive lithium extraction technology based on the recovery of lithium from micas – minerals not generally used as a source of lithium chemicals.

The company has a non-binding Heads of Agreement with European Metals Holdings Limited to process lithium mineralisation at Cinovec in the Czech Republic, on a 50/50 joint-venture basis. Cinovec contains abundant lithium micas and is one of the world’s largest hard-rock lithium occurrences.

In addition, Cobre Montana has strategic alliances with Pilbara Minerals Limited, Focus Minerals Limited and Tungsten Mining NL, in order to investigate lithium and rare metals in prospective locations within Western Australia and close to well-developed infrastructure. Cobre Montana also has lithium exploration assets near Greenbushes and Ravensthorpe in Western Australia.

Media contact

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