



ASX Announcement

28 January 2015

COMPANY DETAILS

ABN: 29 126 129 413

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ASX CODE: CXB

CORPORATE INFORMATION

(28 January 2015)
113M Ordinary Shares
50M Contributing Partly Paid Shares
12M Unlisted Options

BOARD OF DIRECTORS

Eduardo Valenzuela
(Non-Executive Chairman)
Adrian Griffin
(Managing Director)
Bryan Dixon
(Non-Executive Director)

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OPERATIONAL REVIEW FOR THE QUARTER ENDED 31 DECEMBER 2014

Cobre Montana NL (ASX: CXB), the lithium explorer with several alliances providing access to potentially high-grade lithium resources and new processing technology rights, is pleased to provide the following update on its activities during the quarter ended 31 December 2014.

HIGHLIGHTS OF DECEMBER 2014 QUARTER

- **25 year option secured with Strategic Metallurgy over their lithium extraction technology**
- **Battery-grade lithium carbonate produced at Lepidolite Hill following proof of concept testing**
- **Strategic partnership with Tungsten Mining (ASX:TGN) to explore for lithium and other rare metals at Lake Seabrook**
- **MOU signed with Pilbara Minerals (ASX:PLS) to test Pilgangoora project for battery grade lithium carbonate**
- **Agreement entered into with leading US technology supplier, SciAps, to test for lithium out in the field**
- **International expansion into Europe with MOU with European Metals (ASX:EMH) to undertake 6 months due diligence on known large lithium resource in Czech Republic**
- **\$800,000 raised from existing and new investors in extremely tough market**

Progressing towards Cobre's aspirations to become Australia's newest lithium producer

The December 2014 quarterly period under review represented a positive step-change in the Company's emergence as an innovative and lead player in new lithium exploration, development and production opportunities both within Australia and internationally.

The number of lithium-focused agreements confirmed during the quarter were pivotal in setting Cobre on a course in 2015 to have lithium as a cornerstone to the Company's future. To that end, an explanation of the lithium strategy, and the Company's multiple achievements during the period under review to drive this strategy, are outlined below.

COBRE MONTANA'S LITHIUM STRATEGY

Cobre recognises the significant opportunity emerging with a limited lithium supply chain feeding lithium carbonate, into the rapidly growing, high-tech battery industry. The supply opportunity is augmented by Cobre's exclusive technology licensing arrangements which provide the ability to extract lithium from the most common, but presently unused, lithium-bearing micas. These source minerals are found in mine dumps, unexploited mineral deposits, and material currently being discarded from active mining and processing operations. Large quantities of these materials are available globally and it is the fusion of feed supply and new extraction technology that creates a niche for a new participant in the lithium industry.

Cobre has exclusive licensing rights to lithium extraction technology ([ASX announcement 11 November 2014](#)) developed by Perth-based [Strategic Metallurgy](#) and which is capable of providing efficient lithium recovery, with by-product credits and a low energy footprint. We believe this combination of factors can produce very low-cost, high-purity lithium carbonate.

The technology is being tested on mineral deposits containing lithium micas that may have the operating parameters to service the lithium supply chain. The deposits under investigation by Cobre include:

- [Ravensthorpe](#) (Western Australia)
- [Seabrook](#) (Western Australia)
- [Coolgardie](#) (Western Australia)
- [Pilgangoora](#) (Western Australia)
- [Greenbushes](#) (Western Australia)
- [Cinovec](#) (Czech Republic)

EXCLUSIVE RIGHTS TO LITHIUM EXTRACTION TECHNOLOGY

Following proof-of-concept production of battery-grade lithium carbonate ([ASX announcement 27 October 2014](#)) Cobre negotiated exclusive licensing rights with Perth based technology supplier, Strategic Metallurgy P/L. Strategic Metallurgy is providing the Company with technical support to further develop and improve the lithium recovery process for phyllosilicates (micas and clays) ([ASX announcement 26 September 2014](#)). The licensing arrangements provide Cobre with exclusivity throughout Western Australia for up to 26 years and exclusivity for any other two projects globally, as nominated by Cobre.

COBRE MONTANA JOINS FORCES WITH SUPPLIER OF LASER-BASED ANALYTICAL EQUIPMENT

The Company, during the quarter, entered into an agreement with leading United States technology supplier, SciAps, to test proprietary laser-based, hand-held analysers to identify concealed lithium pegmatites - the rock type which is host to most hard-rock lithium deposits ([ASX announcement 9 December 2014](#)). If successful, the approach will overcome the current lack of real-time lithium analysis in the field. Successful application of the technique will reduce exploration costs and time and potentially lift discovery rates and turnaround times on evaluating new deposits.

OPTION TO ACQUIRE LITHIUM PEGMATITES AT RAVENSTHORPE (WESTERN AUSTRALIA)

Cobre, which has continued evaluation of pegmatites within the Cocanarup Pegmatite field, southeast of Perth, exercised an option to purchase exploration licence 74/0543 in the Ravensthorpe mineral field, Western Australia, from Dempsey Minerals Limited.

The licence contains a significant proportion of the Cocanarup Pegmatite Field which hosts abundant lithium minerals and has been the subject of past beryl production.

LITHIUM AND RARE METALS VENTURE, COOLGARDIE, WESTERN AUSTRALIA (CXB 80%, FML20%)

The Coolgardie Rare Metals Venture (CRMV), a joint initiative between Focus Minerals Limited (ASX:FML) and Cobre (ASX:CXB) has been evaluating lithium and rare metals (caesium, rubidium, gallium, tantalum, niobium) within 20 prospecting licenses and two mining leases located to the south of Coolgardie, in Western Australia ([ASX announcement 17 September 2014](#)).

The CRMV tenure covers pegmatite swarms known to contain lepidolite (lithium mica), petalite (lithium aluminium silicate), tantalite (an oxide of iron, manganese and tantalum), pollucite (caesium zeolite), beryl (beryllium silicate) and other minerals that may be of commercial importance.

Lepidolite is most abundant at Lepidolite Hill from which samples were recovered from mine dumps, for metallurgical testing ([ASX announcement 30 September 2014](#)). Samples were crushed, ground and subjected to froth floatation producing the following yields:

• Concentrate grade	Li ₂ O	1.75%	Rb ₂ O	2.72%
• Flotation yield	Li ₂ O	81%	Rb ₂ O	81%
• Flotation tail	Li ₂ O	0.78%	Rb ₂ O	1.27%

The flotation concentrate was subjected to proprietary leach and precipitation processing developed by Strategic Metallurgy and lithium recovered as battery-grade lithium carbonate. The proof-of-concept lithium extraction also demonstrated the ability to recover potassium and rare metals (principally rubidium) as valuable by-products ([ASX announcement 27 October 2014](#)).

LITHIUM AND RARE METALS VENTURE, SEABROOK, WESTERN AUSTRALIA (CXB 80%, TGN 20%)

During the quarter, Cobre identified lithium pegmatites on the shores of Lake Seabrook, approximately 60km north of Southern Cross, Western Australia and made application for one exploration licence. The pegmatites contain lithium mica, beryl and tourmaline ([ASX announcement 20 October 2014](#)).

The initial target area is about 5km long and 2km wide. The mineralised zone trends north westerly from the Company's application area, beneath the bed of Lake Seabrook and into ground held by Tungsten Mining NL (ASX:TGN) The mineralisation appears to be associated with an extensive shear zone and consists of pegmatites and metasomatically altered country rock. On the ground held by TGN, the mineralisation is manifest as tungsten bearing skarns which also contain a number of other rare metals, typical of the genesis associated with the pegmatites.

Cobre and Tungsten Mining entered into an agreement which provides Cobre access to granted tenure along 7km of the host structural zone. Under the terms of the agreement, Cobre will manage the venture in which TGN will have a free carry to the commencement of feasibility ([ASX announcement 5 October 2014](#)).

Preliminary field work has focused on metasomatic alteration zones to establish the relationship, if any, between tungsten skarns and the emplacement of the pegmatites.

PILGANGOORA PROJECT (LITHIUM) PILBARA REGION, WESTERN AUSTRALIA (CXB and PML)

During the quarter, Cobre entered into an agreement with Pilbara Minerals Ltd (ASX:PML) to evaluate the potential to apply its exclusively licensed lithium extraction technology to extensive lepidolite mineralisation at PML's Pilgangoora Tantalum-Lithium Project ([ASX announcement 26 November 2014](#)). The current Pilgangoora Inferred Resource totals 10.4M tonnes @ 0.024% Ta₂O₅ for 5,500,000lbs Ta₂O₅, including 8.6M tonnes @ 1.01% Li₂O.

Cobre will test material from Pilgangoora to determine the potential to produce battery-grade lithium carbonate. The agreement with PML covers a six-month program culminating in a commercial development proposal aimed to complement future tantalum mining and processing operation at Pilgangoora.

CINOVEC TIN/LITHIUM PROJECT, CZECH REPUBLIC (CXB and EMH)

Cobre and European Metals Holdings Limited (ASX:EMH) executed a Memorandum of Understanding to investigate lithium and associated metals production from the historic tin mining region of Cinovec, in the Czech Republic ([ASX announcement 15 December 2014](#)). Cinovec hosts an Inferred Resource of 37Mt @ 0.8% Li₂O (0.3% Li cut off) or 134Mt @ 0.6% Li₂O (0.2% Li cut off) (EMH announcement of 5 March 2014). The Cinovec project is located 100 km NW of the capital, Prague, close to the border with Germany.

If the technology Cobre has under licence can be effectively demonstrated to recover lithium from Cinovec ore, lithium may prove to be a valuable by-product. EMH is currently conducting a Scoping Study that is due for completion Q1 2015 and CXB will provide input into that study with respect to potential lithium production.

At Cinovec, the lithium bearing mica, zinnwaldite, was historically concentrated by magnetic means to produce a lithium concentrate which then used to produce a lithium carbonate based on an energy intensive sulphate roast processing route. Cobre through its alliance with Strategic Metallurgy ([ASX announcement 11 November 2014](#)) has the ability to use its licensing rights, and knowhow to extract lithium from the micas that occur within the mineralised zones at Cinovec. The Cobre technology not only provides a low energy footprint for lithium carbonate production, but it has the added benefits of recovering other metals from the mica, in particular potassium, which can be recovered as potassium sulphate, a valuable component of fertilisers. It is also possible to recover rare metals from the mica. The Memorandum of Understanding will allow Cobre to undertake test work over a six month period culminating in the presentation of a commercial development proposal to EMH.

EVENTS SUBSEQUENT TO THE END OF THE QUARTER

COBRE MONTANA TAKES A POSITION ADJACENT TO THE WORLD'S LARGEST LITHIUM PEGMATITE

Subsequent to the end of the quarter, Cobre applied for a significant position in pegmatite fields close to the world's largest single lithium producer from pegmatites, the Talison Lithium controlled Greenbushes pegmatite mine in Western Australia ([ASX announcement 27 January 2015](#)).

Greenbushes currently produces about one third of the world's lithium requirements. The area contains numerous, poorly documented pegmatite swarms. These are likely to contain various lithium minerals in varying proportions.

Many of the pegmatites are concealed, with tell-tale indications of their existence being abundant mica in the soil profile developed above the pegmatites. These occurrences will be a perfect target for the exploration initiative developed between Cobre and SciAps to use laser-based analytical equipment, in the field, to identify buried pegmatites by the geochemical signature they produce during weathering.

CORPORATE

During the quarter, the Company raised approximately \$800k, before costs, via the issue of 22.85m shares at a price of 3.5c per share. These funds will be applied to advancing Cobre's existing projects through exploration and pilot testing of deposits with the potential for high grade lithium.

OUTLOOK

The December 2014 quarter was an extremely active period for Cobre with several key agreements, partnerships and alliances formed, all with the potential to realise value as the Company evolves to become a prominent player in the identification and extraction of high grade lithium bearing micas.

2015 will continue to be a busy year as the Company undertakes reconnaissance exploration, pilot testing, extraction and metallurgical work on lithium tailings and waste deposits across its existing portfolio of projects in WA and overseas. Cobre will also be seeking to form new alliances with other companies with the potential for high grade lithium deposits.

The Company continues to receive significant interest from other Australian and international resources companies with the potential for lithium based resources previously ignored for potential collaboration or strategic alliances.

ABOUT COBRE MONTANA

Cobre Montana NL (ASX:CXB) has strategic alliances with Pilbara Minerals Limited, Focus Minerals Limited and Tungsten Mining NL, to investigate lithium and rare metals in prospective locations of Western Australia close to well-developed infrastructure. Cobre also has lithium exploration assets near Ravensthorpe, Western Australia, a technical alliance with Strategic Metallurgy P/L to optimize lithium extraction technology on the type of mineralisation under investigation.

Cobre Montana also has a strategic alliance with European Metals Holdings Limited to investigate lithium mineralisation at Cinovec in the Czech Republic and a technical alliance with SciAps (USA) to refine LASER based assay technology for real-time, in-field analysis of light metals as indicators for concealed pegmatite deposits.

Cobre Montana also holds a 55% interest in the Piedrecillas copper/silver project, 180km SW of Santiago, Chile.

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