

# ASX Announcement

30 April 2015

## COMPANY DETAILS

ABN: 29 126 129 413

### PRINCIPAL AND REGISTERED OFFICE

Cobre Montana NL  
Suite 3  
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### POSTAL ADDRESS

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ASX CODE: CXB

## CORPORATE INFORMATION

(16 April 2015)

116M 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)

### For further information contact:

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## 2015 MARCH QUARTER PROVES PIVOTAL FOR LITHIUM DEVELOPER, COBRE MONTANA (ASX:CXB)

Report for the quarter ending 31 March 2015

### HIGHLIGHTS

- WA exploration licence application lodged at Greenbushes, WA, adjacent to the world's largest hard-rock lithium producer, Talison Lithium.
- Successful float tests on Cinovec tailings in Czech Republic
- Successful leaching of Cinovec mica concentrates
- Cinovec resource upgraded by 285%
- Continued Western Australian exploration activity with results expected in June quarter.

### SUBSEQUENT EVENTS

- Heads of Agreement signed with European Metals (EMH) to form a 50/50 JV to develop lithium bearing tin tailings at Cinovec.
- Outstanding lithium carbonate quality recovered from Cinovec.
- Estimated operating cost for tailings treatment less than US\$2000 per tonne of lithium carbonate produced (after sulphate of potash credit).
- Results to date potentially positions Cinovec as one of the largest hard-rock lithium deposits in the world.

### WESTERN AUSTRALIA

Cobre Montana NL (Cobre) lodged an Exploration Licence Application over vacant ground adjacent to the world's largest producing lithium mine, at Greenbushes, Western Australia (Fig. 1).

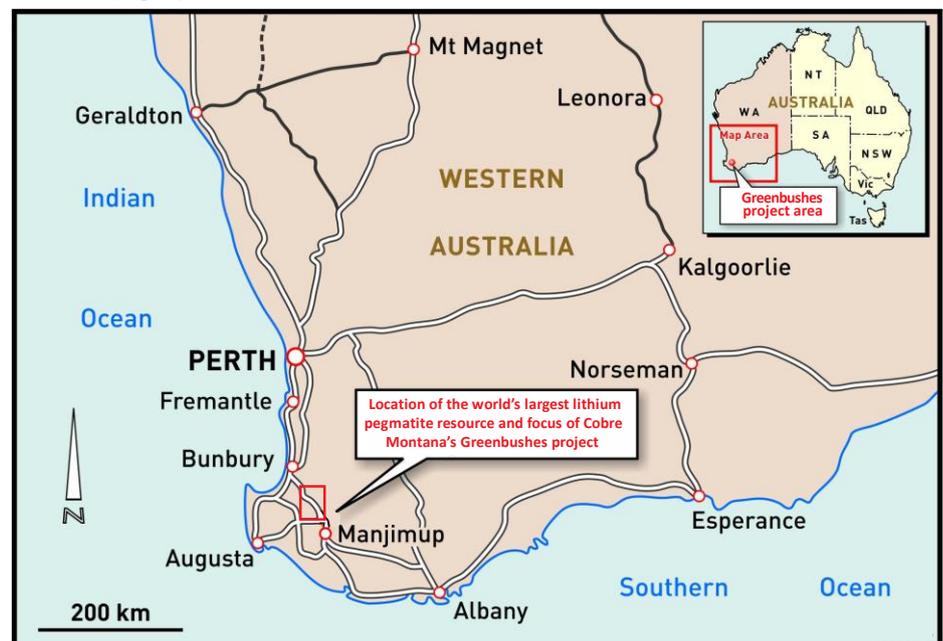


Figure 1. Shows the location of Cobre Montana's Greenbushes projects, 200km south of Perth where production from pegmatites controlled by Talison (a subsidiary of the Chinese Chengdu Tianqi Industry Group) continue to produce about one third of the world's lithium requirements.

The application area covers a series of pegmatite dyke swarms within which Greenbushes-like pegmatites have been observed. Pegmatites are coarse grained granitic rocks which are the host of lithium mineralization at the Talison owned Greenbushes mine.

Cobre undertook geochemical sampling programs at Seabrook and Coolgardie and samples were dispatched to Perth for analysis. Metallurgical samples were recovered from Ravensthorpe with processing scheduled for the June quarter.

## EUROPE

Under the terms of the MoU announced in December 2014, Cobre commenced intensive metallurgical test work on material from the European Metals Holdings Limited's (ASX:EMH) 100% owned Cinovec project (ASX Release 16 Dec 2015). The Cinovec Project is located in the Czech Republic, 100km northwest of the capital, Prague, and close to the border with Germany (Figure 2).



Figure 2. Location of the Cinovec deposit, Czech Republic

The tin and tungsten mineralisation at Cinovec occurs within a pervasive, lithium-bearing greisen (altered granite). The lithium is contained within mica, principally zinnwaldite, which is very amenable to concentration by flotation, as evidenced by high mica yield achieved during Cobre's laboratory-scale testing of the tailings from tin/tungsten gravity concentrates (ASX Release 4 Feb 2015). The following results were achieved:

- **Cinovec gravity tails Li<sub>2</sub>O 0.71% K<sub>2</sub>O 2.94%**
- **Concentrate grade Li<sub>2</sub>O 2.05% K<sub>2</sub>O 7.56%**
- **Flotation yield Li<sub>2</sub>O 98.1% K<sub>2</sub>O 87.0%**
- **Flotation tail Li<sub>2</sub>O 0.02% K<sub>2</sub>O 0.58%**

Leaching the float concentrates achieved extractions of 92-97% and subsequent processing produced lithium carbonate of exceptional quality (ASX Release 16 April 2015).

Cinovec Lithium Carbonate purity >99.6%												
Li <sub>2</sub> O	K <sub>2</sub> O	CaO	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	FeO	MgO	S	P	As	Co	Rb	Cs
%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
40.3	176	57	ND	87	ND	67	1581	162	ND	ND	24	ND
40.3	128	75	ND	54	23	ND	1042	94	ND	ND	8	ND

Technology used for the extraction process was provided under license to Cobre Montana by Perth based Strategic Metallurgy P/L. The process has a very low energy footprint and is capable of generating significant by-product credits and as a tailings treatment, is estimated to have a cost below US\$2000 per tonne of lithium carbonate produced (ASX Release 20 Apr 2015).

Work undertaken by Cobre on the Cinovec deposit was instrumental in reassessing the resource as a primary source of lithium (ASX Release 10 Feb 2015) resulting in a 285% increase in resource tonnage as follows:

- **Inferred Li Resource of 5.5Mt LCE\*, 514.8Mt @ 0.43% Li<sub>2</sub>O (0.1% Li cut-off); and**
- **Additional Exploration Target of 3.4-5.3Mt LCE, 350-450Mt @ 0.39-0.47% Li<sub>2</sub>O**

\*LCE = lithium carbonate equivalent, a common measure for reporting lithium production and demand. LCE = Li<sub>2</sub>O% x 2.473.

This result places Cinovec amongst the largest hard-rock lithium deposits in the world.

## HEADS OF AGREEMENT

As a consequence of the outstanding Cinovec laboratory-scale processing success, and re-evaluation of resources, Cobre and European Metals have executed a non-binding Heads of Agreement (ASX Release 20 April 2015) to record the intentions of the parties prior to drafting a formal Joint Venture Agreement (JVA). The terms recorded in the JVA include:

- Cobre to Manage the JV
- Cobre to utilize the licence rights granted by Strategic Metallurgy P/L, to Cobre, for the JV
- Cobre to procure the technical support of Strategic Metallurgy
- The JV to cover opportunities in countries sharing common borders with the Czech Republic
- European to supply the lithium bearing tin tailings to the JV
- The JV to compensate European on the basis of:
  - Tonnes of concentrate fed to the leach circuit
  - Concentrate to be priced to provide equivalent IRR to both the tin operation and the lithium operation.

**Cobre Montana's Managing Director, Mr Adrian Griffin made the following comment on the Company's performance during the quarter:**

***"We have now used disruptive lithium processing technology on two deposits successfully demonstrating the veracity of the leaching process, and the ability to recover lithium as high-purity carbonate. The exceptionally low energy footprint of the process and by-product credits make a compelling case for processing lithium micas as a primary feed for the production of lithium chemicals. We believe this technology has the potential to change the global lithium industry by providing a cheaper source of lithium chemicals and remove bottle necks from a constrained market."***

## UPCOMING WORK

Cobre Montana will continue to progress the Cinovec project in conjunction with European Metals. Pilot testing facilities are currently under construction in Perth, Western Australia, and the first pilot run is expected to commence during the June quarter.

Geochemical orientation surveys from Seabrook and Lepidolite Hill will be completed, and follow up work planned as required.

## **FURTHER RESOURCE OPPORTUNITIES**

Cobre Montana will continue its global evaluation of lithium mica occurrences and utilise its exclusive licensing arrangements ([ASX announcement 11 November 2014](#)) to gain the best leverage by applying this disruptive technology to deposits previously neglected as potential feed for the production of lithium chemicals.

## **ABOUT COBRE MONTANA**

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

Cobre has a strategic alliance with European Metals Holdings Limited to investigate lithium mineralisation at Cinovec in the Czech Republic, where abundant lithium micas constitute one of the largest hard-rock lithium occurrences.

Cobre 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 and Greenbushes in Western Australia.

## **MEDIA CONTACT:**

<b>Adrian Griffin</b>	<b>Cobre Montana</b>	<b>08 6145 0288   0418 927 658</b>
<b>Kevin Skinner</b>	<b>Field Public Relations</b>	<b>08 8234 9555   0414 822 631</b>

## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Cobre Montana NL

ABN

29 126 129 413

Quarter ended ("current quarter")

31 March 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(147)	(258)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(358)	(641)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(10) (4)	(10) (4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
	(14)	(14)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(372)	(655)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(372)	(655)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	100	900
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Capital Raising Costs)	(89)	(92)
	<b>Net financing cash flows</b>	11	808
	<b>Net increase (decrease) in cash held</b>	(361)	153
1.20	Cash at beginning of quarter/year to date	848	334
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	487	487

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	101
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payments to directors and employees for services to the economic entity.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
4.3 Production	
4.4 Administration	200
<b>Total</b>	<b>300</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	487	848
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>487</b>	<b>848</b>

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+ See chapter 19 for defined terms.

## Appendix 5B

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

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E77/2264 Application Withdrawn	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E77/2269 Application	0%	100%
		E70/4690 Application	0%	100%

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b>			
7.2	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	115,517,034	115,517,034	Fully Paid
	<b>Partly paid contributing shares</b>	11,700,000 37,928,001	- 37,928,001	\$0.25 \$0.05 \$0.001 \$0.001
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,400,000 2,869,297 2,499,095	1,400,000 2,869,297 2,499,095	\$0.0440 \$0.0247 \$0.0350 \$0.0414 Fully Paid Fully Paid Fully Paid Fully Paid

+ See chapter 19 for defined terms.



## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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