



ASX Announcement

11 November 2014

COMPANY DETAILS

ABN: 29 126 129 413

PRINCIPAL AND REGISTERED OFFICE

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ASX CODE: CXB

CORPORATE INFORMATION

(11 November 2014)
85M Ordinary Shares
50M Contributing Partly Paid Shares
12M Unlisted Options

BOARD OF DIRECTORS

Eduardo Valenzuela
(Non-Executive Chairman)

Adrian Griffin
(Managing Director)

Bryan Dixon
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LITHIUM PROCESSING BREAKTHROUGH DELIVERS 25 YEAR OPTION FOR AUSTRALIA'S COBRE MONTANA

HIGHLIGHTS

- 25 year option secured over the only practical processing technology globally to recover lithium from mica group minerals (sheet silicates)
- Potential major boost for WA as an existing world leader in lithium supply
- Agreement coincides with increasing international demand for lithium – driven by new-age lithium batteries for heavy transport, including commercial aviation
- Exclusive rights cover lithium processing technology in Western Australia and two other additional projects in Australia or overseas

SUMMARY

Australia's Cobre Montana NL (ASX:CXB) is pleased to announce new processing licence agreements with the potential to cement Western Australia's position as a long-term major supplier of lithium into expanding global markets.

The agreements will combine Cobre's mica-based lithium occurrences near Coolgardie, Ravensthorpe and Southern Cross in WA, with the only known practical processing technology able to extract lithium from the sheet like mica – a proprietary technology developed and owned by Perth-based technology provider, Strategic Metallurgy P/L.

The agreements, in the form of options over the use by Cobre Montana of the Strategic technology, will run for up to 26 years.

The terms of the agreements are exclusive to Cobre in WA – a State which already supplies around a third of total annual global lithium production – as well as two other Cobre lithium project areas of the Company's choosing in either Australia or overseas.

Mica is best known historically as an electrical and thermal insulator. More recently, it has rapidly carved a fresh commercial reputation as a key potential source of lithium for new-age heavy duty lithium and lithium-ion batteries for transport - including aviation purposes - and applications such as heat-resistant glass and ceramics, and high strength-to-weight alloys.

Cobre Montana Managing Director, Mr Adrian Griffin, said today the securing of the licence agreements was a 'step change' point for the Company which also has ongoing copper-gold exploration interests in Chile.

"The licencing deal follows our recent success in delivering proof-of-concept lithium carbonate production from micas, using the Strategic Metallurgy technology," Mr Griffin said.

"We were able during this proof-of-concept phase to produce battery-grade lithium carbonate suitable as a feed stock for these emergent high-tech batteries, from our lithium mica (lepidolite) deposits in WA.

"Lepidolite until now, has had very limited application in the production of lithium chemicals but we have achieved that breakthrough and have now backed it up with a long-term licence to process agreement that will position Cobre Montana as a potential future lithium supplier into these expanding and global high technology markets," Mr Griffin said.

Because of its high reactivity, lithium does not occur freely in nature, only in compounds and the production of it as a lithium carbonate, an important industrial chemical used in metals and medical arenas, opens the opportunity for its wider commercialisation.

Cobre Montana used bulk samples from dumps at its Lepidolite Hill project near Coolgardie to test a unique hydrometallurgical flowsheet providing the first practical means of extracting lithium from mica. The process is undertaken at atmospheric pressure and is largely energy self-sufficient.

"This is the 'green means' of producing lithium from hard rock with energy efficiency likely to make the process competitive with the low-cost brine-based lithium producers," Mr Griffin said.

Terms of Agreement

Under the agreements announced today, the licences will provide Cobre exclusivity within Western Australia for up to 25 years and exclusivity at two other locations anywhere in the world.

"The exclusive nature of the licences provides Cobre with an unprecedented advantage over competitors by providing, through Cobre, the only practical means of accessing the technology so that Cobre will be the key to implementing lithium projects based on mica plant feed," Mr Griffin said. Under the terms, Cobre Montana will have:

- Option will be free for 6 months
- Two subsequent option extensions of 6 months by payment of \$5,000
- Option exercise \$100,000
- A requirement to continue testing with Strategic Metallurgy
- Gross product royalty 2%
- Licence exclusivity extending 5 years from exercise
- Exclusivity extended another 20 years if a plant is commissioned in WA during the initial 5 year exclusivity period
- Two further licence options available anywhere in the world, with Cobre having the right to change nominations by agreement with Strategic.

"We have been exceptionally pleased with the test results using this technology and the option provides us with the ability to lock in our position, with no additional outlay as further testing progresses," Mr Griffin said.

"Furthermore, the arrangement effectively gives Cobre Montana exclusive first rights to utilise the technology anywhere in the world and potentially have front running in WA for over 25 years."

MEDIA CONTACT:

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ABOUT COBRE MONTANA

Cobre Montana NL (ASX:CXB) has a strategic alliances with Focus Metals 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, and a technical alliance with Strategic Metallurgy P/L to optimize lithium extraction technology on the type of mineralization under investigation. Cobre also holds a 55% interest in the Piedrecillas copper/silver project 180km SW of Santiago, Chile.

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