

ASX Announcement

27 January 2015

COMPANY DETAILS

ABN: 29 126 129 413

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CORPORATE INFORMATION

(27 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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Cobre Montana takes strategic foothold in world major lithium production area south of Perth

Highlights:

- Exploration licence lodged for area contiguous with the world's largest lithium mine – Greenbushes (1/3 of world output), 200km south of Perth
- ELA extends 50km from Donnybrook to Bridgetown along the structural corridor that hosts Greenbushes
- The application ground covers pegmatite swarms at :
 - Brookhampton
 - Kirup (Mullalyup)
 - Koala Road
 - Greenbushes South, and others
 and in places abuts the Greenbushes production areas.
- High potential to discover another Greenbushes or lithium mica occurrence.



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. Prospective pegmatite swarms controlled by Cobre Montana extend over 50km from the Greenbushes site, and include extensions of pegmatities to the south of the Talison operations.

INTRODUCTION

The world's largest source of hard-rock lithium occurs in pegmatites in the south west of Western Australia (Figure 1). Pegmatites host a range of lithium minerals. However, only spodumene (lithium aluminium silicate) is used for lithium chemical feed stock. Cobre Montana (ASX:CXB) together with Perth based Strategic Metallurgy, has developed extraction technology capable of recovering the lithium from other lithium minerals that occur in pegmatites and some granites. This potentially presents a range of other deposit types for exploitation that, until now, have not been considered ore.

Pegmatites in the Greenbushes area and in the pegmatite swarms extending along a major structural trend (the Bridgetown-Donnybrook Shear) contain spodumene and lithium-micas. Cobre Montana has exclusive Western Australian licensing rights to utilise the extraction technology to recover lithium from the micas.

The Company will implement an exploration program to determine the extent of lithium mineralisation along the Bridgetown-Donnybrook Shear, providing a strong focus on pegmatites already identified, in particular those extending beyond the Talison mining operations.

THE APPLICATION

Cobre Montana's application covers pegmatites extending south of the historic Greenbushes mine where production for tin and tantalum commenced in 1881. Extensive drilling from 1977 to 1980 identified the lithium resource, the largest lithium pegmatite resource yet discovered. The resource supports the world's largest lithium mining operations which produced approximately 30% of global lithium output in 2013.

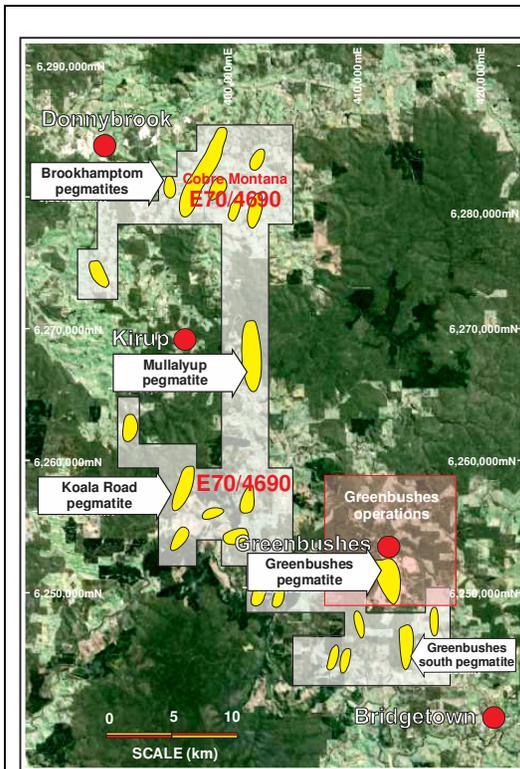


Figure 2, E70/4690 showing pegmatites (yellow) and the Talison production area (pink tint).



Figure 3. Shows the marked similarity between the Greenbushes pegmatite (left) and Koala Road pegmatite which is slightly weathered (right). These two pegmatites have uncharacteristically fine-grained fabrics and similar mineralogy. Greenbushes is the world's largest producing pegmatite and occupies a stratigraphic position which has been interpreted as being equivalent to the Koala Road pegmatite.

No assays are available for the Koala Road pegmatite however the similarities with Greenbushes suggest there is a reasonable probability that sections of the pegmatite will host lithium.

The area applied for covers 93 sub-blocks (27526 Ha) and is shown in Figure 2. The application partly surrounds the current mining operations of the world's largest lithium producer and the world class pegmatite hosted Greenbushes lithium/tin/tantalum deposit.

MINING HISTORY

The Greenbushes deposit has been mined since the late 1800s, initially for alluvial tin. The alluvial deposits are derived by weathering of nearby pegmatites which became the focus of mining operations in the 1970s. Since that time, more than 100 million tonnes of rock has been extracted from two major pits; the Cornwall (Tantalite) Pit and the Spodumene Pit. It is now an underground mine, mainly producing lithium.

A number of other local pegmatite occurrence have been mined in the past, including several mica pegmatites at Mullalyup) that have since been rehabilitated. Alluvial production of tin and tantalum is widespread and pegmatites are assumed to be the source of the mineralisation.

RECENT EXPLORATION

In 2010, private explorer, Ord River Diamonds P/L ("ORD") reported the existence of the Koala Road Pegmatite, which was interpreted to occur on the same stratigraphic horizon as Greenbushes, on the western limb of a regional anticline. The Greenbushes pegmatite is very distinctive, being one of the few fine-grained examples. ORD drew a strong parallel between the two as demonstrated in a hand specimen (Figure 3).

FUTURE INVESTIGATIONS

Cobre Montana will undertake reconnaissance exploration within the Greenbushes project area to determine:

- The potential for additional tin, tantalum and lithium mineralisation within the pegmatite swarms and
- The distribution of lithium minerals within mineralized pegmatites.

The Company has access to a number of geophysical surveys covering the area and will use SciAps LIBZ[®] for field-based geochemical surveys.

Cobre Montana will free carry a 20% interest in the project for the provider of the database which has resulted in the acquisition. The 20% interest will be carried to the point at which Cobre commits to a definitive feasibility study, at which time the project will become a contributing joint venture.

Cobre Montana Managing Director, Mr Adrian Griffin:

"We are fortunate to gain a foothold in what is historically the world's most productive lithium district. The region has surprisingly attracted little exploration leaving very good potential to make further discoveries. This environment combined with Cobre's ability to capitalise on lithium micas, the "lost lithium ore", provides a very significant opportunity. Lithium micas remain Cobre Montana's main game, but with this ELA, we cannot rule out the reasonable opportunity it presents for a new lithium pegmatite discovery in the Greenbushes style."

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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