



CORPORATE DIRECTORY

Non-Executive Chair
John Fitzgerald

President & CEO
David J Frances

Executive Technical Director
Francis Wedin

Non-Executive Director
Dudley J Kingsnorth

FAST FACTS

Issued Capital:	370.4m
Options Issued:	31.1m
Market Cap:	\$21.1m
Cash:	\$17.5m

CONTACT DETAILS

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QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

For the period ending 30 September 2017

Novo Lítio (ASX: NLI) ("the Company") is pleased to provide the following summary of activities conducted in the September 2017 quarter.

Highlights:

Despite delays linked to the ongoing legal dispute in Portugal, the Company progressed its strategy to become a sustainable, European-focused lithium Company through:

- **Finalising a positive Scoping Study at the Company's Sepeda Lithium Project, a quick turnaround from initial discovery by NLI in mid-2016¹;**
- **The acquisition of a large, prospective portfolio of granted tenements in northern Portugal, along strike from Sepeda²;**
- **Completion of analysis of remaining Phase 4 drilling from Sepeda, with some of the best ever results reported³;**
- **Agreement with Outotec to assess potential for modular production plant at Sepeda⁴;**
- **Identification of high-grade, spodumene-hosted lithium at one of the Company's Swedish lithium projects⁵, named Spodumenberget, producing drill targets.**

Novo Lítio's aim is to become a sustainable supplier of ultra-low impurity petalite concentrate and lithium carbonate/hydroxide, to the high-tech glass and ceramics industry and the European electric vehicle and stationary storage battery markets respectively, via its projects in northern Portugal and Scandinavia. Despite delays linked to a legal dispute over its main project, Sepeda, the company has continued to make progress towards its goals, and remains confident of its ability to enforce its rights at Sepeda, and continues to have full access to the project.

¹ NLI announcement 4/9/2017

² NLI announcement 4/9/2017

³ NLI announcements 26/9/2017, 28/7/2017

⁴ NLI announcement 14/9/2017

⁵ NLI announcement 28/7/2017, 26/9/2017

PROJECTS

The focus of the Company for the Quarter was to progress NLI's European Lithium Strategy, whilst pursuing legal action to enforce its rights to the Sepeda Lithium Project.

Portugal - Sepeda Lithium Project

During the Quarter, Phase Four drilling was completed at Sepeda, and remaining results were received⁶. These included the best results ever reported: 83.1m @ 1.43% Li₂O, 80.3m @ 1.36% Li₂O and 80.45 @ 1.3% Li₂O. As well as increasing confidence in the existing known areas of mineralisation, these results are expected to increase the size of the Mineral Resource with the discovery of significant down-dip extensions. A Resource update is on hold pending the resolution of the legal dispute with the vendors, Lusorecursos.

Following on from the earlier work with Dorfner-Anzaplan, NLI commenced work⁷ with Outotec in Finland, a leader in the field of lithium processing. The aim of the current test program, on a 300kg sample representative of the initial mining campaigns, is to facilitate the design of a Pilot Plant Program in February/March 2018 subject to the current situation with Lusorecursos being resolved in Novo Lítio's favour by November 2017. This ongoing test work by Outotec will include locked-cycle flotation tests to identify the most appropriate equipment for the pilot plant concentrator and chemical plant. The purpose of the Pilot Plant Phase is to produce sufficient petalite concentrate to facilitate the initial design of a Lithium Chemical Plant (LCP) and provide samples for potential off-takers. Outotec (www.outotec.com) has the expertise and capability to design, manufacture, install, and commission a lithium concentrator and an LCP on a modular basis which would reduce the development schedule, minimise site construction, and minimise start-up/commissioning time. Subject to a favourable outcome in legal proceedings in Portugal, Novo Lítio will target a Sepeda concentrator start-up in 2019/20, followed by the development of an LCP, should adequate lithium resources be defined.

Novo Lítio announced a positive Scoping Study for Sepeda during the Quarter⁸, which tested a number of processing scenarios based on plant designs by Hatch Ltd, including: production of a technical grade petalite concentrate only; a dual-stream, concentrate and battery-grade lithium carbonate option; and a lithium carbonate production only. Given the current size of the Mineral Resource the Scoping Study indicated that a technical grade mineral concentrate production scenario is potentially attractive. The capital expenditure required to build a lithium carbonate plant indicates that the definition of a larger Resource is required to make this scenario economically feasible. A mining engineering study by Golder Associates showed potential for underground mining operation, which would also minimise environmental impact.

The Company also signed a binding agreement for the acquisition⁹ of a significant (354km²), granted tenement package in close proximity to the Sepeda Lithium Project, making NLI the largest granted landholder in the Northern Portugal Lithium Belt. Portuguese Mining & Energy Ministry (DGEG) historical records and NLI fieldwork indicate multiple pegmatite occurrences within host geology analogous to Sepeda within the tenements, which provide a highly prospective, complementary exploration pipeline surrounding the core-focus Sepeda project. NLI plans to

⁶ NLI announcements 26/9/2017, 28/7/2017

⁷ NLI announcement 14/9/2017

⁸ NLI announcement 4/9/2017

⁹ NLI announcement 4/9/2017

conduct systematic mapping and sampling of these pegmatites to produce Reverse Circulation (RC) drill targets for the near term, with the same team and methods used in the Sepeda lithium discovery.

Novo Lítio has a binding agreement to acquire 100% of the granted licence and licence applications held by Lusorecursos ARG and Lusorecursos LDA. Completion of the transfer of licences to Novo Lítio remains pending and has been frustrated by the vendors. The Company considers it has binding and enforceable legal rights and is pursuing the matter on an expedited basis in the Courts of Portugal (refer to the Company's ASX announcement released on 28 July 2017 entitled "Commencement of Legal Proceedings re Sepeda" for further details). Further to its announcement of 28 July 2017, the Company has commenced injunction proceedings against the vendors of the Sepeda Project, Lusorecursos Lda. and Lusorecursos Arg. Lda., seeking an interlocutory injunction to protect the Company's interest in the granted licence and licence applications comprising the Sepeda project.

The Company anticipates that the injunction proceedings should be determined in November 2017, allowing NLI to submit the Mining Licence application before 7 December, which is the last date for application. NLI also has an exclusive lease agreement with the Baldios of Carvalhais (local village who administers the community land on which Sepeda is located), and continues to have full access to the site, despite recent threats of violence from Lusorecursos¹⁰.

Sweden – Spodumenberget Lithium Project

In addition, NLI also continued works at its Swedish lithium projects, focusing on Spodumenberget¹¹. Works included analysis of surface results to produce drill targets, and permitting for drilling. High grade results from surface sampling include 2.77% Li₂O, 7,820ppm Ta and 653ppm Sn from spodumene-bearing pegmatites. The planned drilling will target this area of high grade results from the surface sampling. The Swedish projects will complement NLI's main-focus core Portuguese asset and its strategy to be a sustainable supplier of lithium carbonate/hydroxide to the European markets.

CORPORATE

Sale of Pilbara Minerals Shares

As announced on 3 October 2017 the Company has sold the Pilbara Minerals Limited (ASX PLS) ("Pilbara") shares issued to the Company as part consideration for the Lynas Find sale transaction, completed in December 2016. Proceeds from the sale transaction totalled \$8.0 million, being \$5.0 million paid in cash at completion, and 7,577,671 Pilbara shares issued on 15 August 2017 at an issue price of \$0.396 per share for the \$3.0 million balance.

The Pilbara shares were sold by the Company at an average realised price of \$0.632 for a total of \$4.766 million gross proceeds, representing an approximate 59.6% increase on the \$3.0 million issued price.

As noted in the Appendix 5B the Total net cash proceeds of this sale were \$4.766 million, which was received by the Company as follows:

- Pre 30 September 2017: \$743k (Included in item 2.2 (c) and 5.5 above); and
- Post 30 September 2017: \$4.023 million (Not included in Item 5.5 Cash at 30 September 2017)

¹⁰ NLI announcement 10/10/2017

¹¹ NLI announcement 28/7/2017, 26/9/2017

Capital Structure

As at the date of this report the Company's Capital structure is as follows:

Quoted Securities:

Number	Class	ASX Code
370,404,879	Ordinary Fully Paid	NLI

Un-Quoted Securities

Options

Number	Class	ASX Code
2,750,000	Options exercisable at \$0.016 expiring 31 December 2018	NLIAA
2,437,500	Options exercisable at \$0.035 expiring 31 December 2017	NLIAB
16,625,000	Options exercisable at \$0.060 expiring 31 December 2017	NLIAB
9,250,000	Options exercisable at \$0.090 expiring 31 December 2017	NLIAB

Performance Rights*

Number	Class	ASX Code
3,312,500	Tranche 2 Performance Rights, Vesting on establishment of a 15 million tonne JORC Compliant resource of Li ₂ O of a grade of at least 1% by 29 November 2019.	NLIAE
3,312,500	Tranche 3 Performance Rights, Vesting on establishment of a 30 million tonne JORC Compliant resource of Li ₂ O of a grade of at least 1% by 29 November 2020.	NLIAE

ASX waiver details

Pursuant to the waiver from ASX Listing rules 7.3.2 and 10.13.3 (granted by ASX and announced on 20 January 2015) (Waivers), the Company advises that the following securities, which were the subject of the Waivers, remain to be issued:

- i. 30,000,000 fully paid ordinary shares to the shareholders of ASM and SRI (on a 49:51 basis) upon an Inferred Mineral Resource (in accordance with the requirements of the JORC Code) of 15 million tonnes at 1.2% Li₂O being identified, on or before 12 February 2021, on the Lynas Find Project tenements by Pilbara Minerals Limited.;

Expenditure

Please refer to the Appendix 5B quarterly commitments report for the period ended 30 September 2017 as attached.

Tenement	Location	Holding %	Change in Holding during Period %	Status
E69/3417	WA	100%	0%	Granted – pending transfer from Slipstream Resources Investments Pty Ltd
E69/3418	WA	100%	0%	Granted – pending transfer from Slipstream Resources Investments Pty Ltd
MNPPP04612	Portugal	100%	0%	Granted*
MNPPP0394	Portugal	100%	0%	Under Application*
MNPPP0275	Portugal	100%	0%	Under Application*
MNPPP0393	Portugal	100%	0%	Under Application*
MNPPP0396	Portugal	100%	0%	Under Application*
MNPPP0274	Portugal	100%	0%	Under Application*
MNPPP0395	Portugal	100%	0%	Under Application*
MNPPP0407	Portugal	100%	0%	Under Application
MNPPP0427	Portugal	100%	0%	Under Application
MNPPP0424	Portugal	100%	0%	Under Application
MNPPP0426	Portugal	100%	0%	Under Application
MNPPP0430	Portugal	100%	0%	Under Application
MNPPP0431	Portugal	100%	0%	Under Application
MNPP01713	Portugal	100%	100%	Granted
MNPP01015	Portugal	100%	100%	Granted
Dyngselet-1	Sweden	100%	0%	Granted
Hamrånge nr 100	Sweden	100%	0%	Granted
Hamrånge nr 101	Sweden	100%	0%	Granted
Hamrånge nr 102	Sweden	100%	0%	Granted
Hamrånge nr 103	Sweden	100%	0%	Granted

Hamrånge nr 104	Sweden	100%	0%	Granted
Dyngselet nr 2	Sweden	100%	0%	Granted
Skorped nr 1	Sweden	100%	0%	Granted
Räggen nr 100	Sweden	100%	0%	Granted
EL 7548	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 7549	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6627	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 7550	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6628	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 7756	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6629	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6789	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried

Tenement Schedule (ASX LR 5.3.3)

*100% rights to granted tenement, and to tenement applications subject to grant, from the Company's agreement with, Lusorecursos ARG and Lusorecursos LDA. The Company has a binding agreement to acquire 100% of the granted licence and licence applications held by Lusorecursos ARG and Lusorecursos LDA. Completion of the transfer of licences to the Company remains pending and has been frustrated by the vendors. The Company has sought unsuccessfully to resolve the issue on a commercial basis. The Company considers it has binding and enforceable legal rights and will now pursue the matter on an expedited basis in the Courts of Portugal.

Dated this 25th day of October 2017

DAVID J FRANCES

**Managing Director & CEO
Novo Lítio Limited**



About Novo Lítio

Novo Lítio's aim is to become a sustainable supplier of ultra-low impurity lithium concentrate and lithium carbonate/hydroxide, to the high-tech glass and ceramics industry and the European battery markets, via its European projects in Portugal and Sweden.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Francis Wedin, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Wedin is a full-time employee of NLI and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Dr Wedin consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears. All material assumptions and technical parameters underpinning the JORC 2012 reporting tables in the relevant market announcements referenced in this text continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

NOVO LITIO LTD

ABN

16 009 146 794

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,180)	(1,180)
(b) development	-	-
(c) production	-	-
(d) staff costs	(81)	(81)
(e) administration and corporate costs	(381)	(381)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	64	64
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	119	119
1.8 Other (GST refunded/paid)	-	-
1.9 Net cash from / (used in) operating activities	(1,459)	(1,459)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments*	743	743
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	743	743

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period	(716)	(716)
4.1	Cash and cash equivalents at beginning of period	14,398	14,398
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,459)	(1,459)

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)*	743	743
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	6	6
4.6	Cash and cash equivalents at end of period	13,688	13,688

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,057	414
5.2	Call deposits	12,631	13,984
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)*	13,688	14,398

* Note: As announced to ASX on 3 October 2017 the Company has sold 7,557,671 Pilbara Minerals Limited (PLS) shares. Total net cash proceeds of this sale were \$4.766 million, which was received by the Company as follows:

- Pre 30 September 2017: \$743k (Included in item 2.2 (c) and 5.5 above);
- Post 30 September 2017: \$4.023 million (Not included in Item 5.5 Cash at 30 September 2017)

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	153
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	570
9.2 Development	-
9.3 Production	-
9.4 Staff costs	177
9.5 Administration and corporate costs	198
9.6 Other	-
9.7 Total estimated cash outflows	945

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	*			
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

*Refer to Quarterly Activities Report for Schedule of Tenements.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



25 October 2017

Sign here:
(Company Secretary)

Date:

Print name:
Mathew Whyte

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.