ASX ANNOUNCEMENT
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Novo Lítio and Outotec to Assess Modular Production Plant for Sepeda

– For Immediate Release –

Highlights:

- **Novo Lítio to conduct test program on material from the Sepeda Lithium Project at the Outotec pilot plant facility in Finland, scheduled for February/March 2018; assuming the current situation with Lusorecursos is resolved in Novo Lítio's favour by November 2017**

- **Preliminary test work at Outotec has confirmed the technical viability of the AnzaPlan processing approach**

- **Ongoing test work by Outotec will include locked-cycle flotation tests to identify the most appropriate equipment for the concentrator**

- **Pilot Plant Phase 1 will produce sufficient petalite concentrate for 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 LTD ("Novo Lítio", "NLI" or "the Company") (ASX: NLI, FRANKFURT: ORM), is pleased to provide shareholders with an update on the Sepeda Lithium Project ("Sepeda"), Portugal.

As part of the recent drilling program Novo Lítio has identified the locations within the Sepeda orebody to source material for a 10-20 tonne sample representative of the first 10-15 years of mining and concentrate production. It is intended that this sample will be sent to the Outotec R&D Centre at Espoo in Finland, which has an extensive range of equipment that can be used to develop the most effective process flowsheet.

In Q2-2017 Novo Lítio committed to a 300kg Test Program with Outotec to preserve a position for the processing of a 10-20 tonne core sample at the Outotec pilot plant facility in Finland during September/October 2017. Due to the frustrations experienced with Lusorecursos the test program was slowed down. The collection of the 10-20 tonne sample was delayed and the pilot plant program has now been deferred to February/March 2018; assuming the current situation with Lusorecursos is resolved in Novo Lítio's favour by November 2017.

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The aims of the pilot plant program would be:

1. Provide detailed process information for a Definitive Feasibility Study.
2. Provide definitive process data for the environmental management program – representatives of the DGEG and the local community will be invited to witness the pilot plant program to give them full confidence in Novo Lítio's ability to manage the project responsibly.
3. Involve two Portuguese university engineering students in the testwork and pilot plant study who would then be employed as local staff in the operation.
4. Produce samples for several offtake customers who have approached the Company for evaluation material as the basis for the negotiation of supply agreements and funding for the concentrator and LCP.
5. Enhance the corporate understanding of the technical and financial parameters of processing lithium minerals in the production of lithium chemicals for battery production. This will assist in the Company's evaluation of the recently acquired MedGold leases and the Swedish exploration projects.

Ends

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.

Portugal

Portugal, as the leading lithium producer in Europe[1], was identified by the Company to be a high priority jurisdiction for lithium exploration. NLI's lithium projects in Northern Portugal are located over three broad districts of pegmatitic dyke swarms, which contain spodumene- and petalite-bearing pegmatites. The three main districts are the Serra de Arga, Barroso-Alvão and Barca de Alva pegmatite fields, all three of which are highly prospective for lithium mineralisation. The NLI tenement package consists of thirteen exploration licences (one granted and twelve under application). After encouraging initial results, work at the Sepeda lithium project near the Barroso-Alvão district has accelerated, with a maiden JORC Mineral Resource announced in Feb 2017, initial "sighter" metallurgical testwork and a scoping study now completed.

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. Novo Lítio has sought unsuccessfully to resolve the issue on a commercial basis. 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).

[1] USGS Mineral Commodity Summaries, 2016

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 interests in the granted licence and licence applications comprising the Sepeda project. The Company anticipates that the injunction proceedings will be determined in November 2017, which would allow NLI to submit the Mining Licence application before 7 December, which is the last date for application. Pending the outcome of proceedings, the Company continues to have access to the Sepeda project area and is continuing with exploration activities on the Sepeda project.

Sweden

NLI's Spodumenberget prospect is located in central Sweden, in the locality of Örnsköldsvik, in Västernorrland County. Historical reconnaissance work from the 1980s by the LKAB indicated surface lithium results[2] of up to 0.788% Li, equivalent to 1.69% Li_2O, related to spodumene-bearing pegmatite mineralisation over a large area[3]. Cassiterite and columbite were also noted. These observations have now been confirmed by the work carried out by GeoVista AB. In addition, the Company has gained a large portfolio of tenements in the Hamrånge region of Gävle Municipality in Gävleborg County, and in the Räggen region of the Bräcke Municipality, Jämtland County, in Central Northern Sweden. Both areas contain mapped LCT-type pegmatites prospective for lithium mineralisation, and will be assessed in the coming months.

Lithium in Europe

- Many countries in Europe are leading the world in uptake of electric vehicles (EVs) using lithium-ion batteries, with EVs already totalling 24% of all new vehicle sales in Norway in 2016.
- Lithium-ion batteries are already being produced in Europe to meet this increasing demand, and production capacity in car-producing countries such as Germany is growing dramatically to keep up.
- Nine lithium-ion "megafactories" across Europe are either already producing, under construction or planned for development, including Nissan[4], Samsung[5], BMZ[6], Daimler-Mercedes[7], Tesla[8], Audi[9] and LG Chem[10].
- Battery producers will require a large lithium supply from safe, nearby jurisdictions. Sourcing lithium from Europe would also significantly reduce the carbon footprint of the car production supply chain.

The Company is of the view that as the Company's projects are closer to potential downstream processing locations than lithium deposits in Australia and Canada, which tend to be in remote locations, they offer the following economic advantages:

[2] Report no. S85-06. LKAB Exploration Reports, available from Geological Survey of Sweden. Uppföljande prospektering i området mellen Näsåker och Örnsköldsvik, Västernorrlands län, 1985
[3] Report no. S85-28. LKAB Exploration Reports, available from Geological Survey of Sweden. Rare element pegmatites in Västernorrland, Sweden. 1985
[4] http://europe.autonews.com/article/20160121/ANE/160129975/nissan-will-produce-leafs-new-advanced-batteries-in-uk
[5] http://www.samsungsdi.com/sdi-news/1482.html, https://cleantechnica.com/2015/05/25/samsung-sdi-begun-operations-former-magna-steyr-battery-pack-plant/
[6] http://www.electronics-eetimes.com/news/european-battery-gigafactory-opens-1/page/0/1
[7] http://media.daimler.com/deeplink?cci=2734603
[8] https://electrek.co/2016/11/08/tesla-location-gigafactory-2-europe-2017-both-batteries-and-cars/
[9] http://europe.autonews.com/article/20160120/ANE/160129994/-audi-will-build-electric-suv-in-belgium-shift-a1-output-to-spain
[10] http://www.lgchem.com/global/lg-chem-company/information-center/press-release/news-detail-783

- The established storage and transportation infrastructure associated with the distribution of minerals in Europe will reduce the investment required by NLI for these capabilities. The net result is that deliveries of concentrates will probably be made on a daily basis.
- The proximity of potential downstream processing facilities will reduce the storage facility requirements at the mine/concentrator site.
- The proximity of the Novo Lítio lithium projects to established communities familiar with the mining and processing of lithium minerals will eliminate the need for fly-in fly-out arrangements.
- The combination of the above factors is likely to reduce the minimum size of an economic independent supply lithium battery supply chain in Europe; reducing the capital requirements of the supply chain.

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