



## Cleansing Prospectus

### CORPORATE DIRECTORY

Non-Executive Chair  
John Fitzgerald

President & CEO  
David J Frances

Technical Director  
Francis Wedin

Non-Executive Director  
Dudley J Kingsnorth

### FAST FACTS

Issued Capital:	370.4m
Options Issued:	31.1m
Market Cap:	\$18.9m
Cash:	\$16.8m

### CONTACT DETAILS

Level 11, Brookfield Place  
125 St Georges Terrace  
Perth WA 6000  
info@novolitio.com

T: +61 8 9288 4408

[www.novolitio.com](http://www.novolitio.com)

ACN: 009 146 794

### – For Immediate Release –

NOVO LÍTIO LTD (“Novo Lítio”, “NLI” or “the Company”) (ASX: NLI, FRANKFURT: ORM) wishes to inform shareholders that the Company has lodged with the Australian Securities and Investments Commission the attached transaction specific prospectus (**Prospectus**) pursuant to section 713 of the *Corporations Act* 2001 (Cth) (**Corporations Act**), which includes an offer of up to 1,000 new fully paid ordinary shares in the Company (**Shares**) to investors identified by the Directors, at an issue price of \$0.10 per new Share to raise up to \$100 (before expenses) (**Offer**).

### Purpose of the Prospectus and Offer

The Company has on issue four classes of options (**Options**) to acquire Shares, the exercise prices of which are close to, or below, the current price at which Shares are trading on ASX, as follows:

- a) 2,750,000 unquoted Options exercisable at \$0.016 each on or before 31 December 2018;
- b) 2,437,500 unquoted Options exercisable at \$0.035 each on or before 31 December 2017;
- c) 16,625,000 unquoted Options exercisable at \$0.06 each on or before 31 December 2017; and
- d) 9,250,000 unquoted Options exercisable at \$0.09 each on or before 31 December 2017.

The Company has received exercise notices, and anticipates receiving additional exercise notices, from the holders of the Options, particularly those exercisable on or before 31 December 2017.

Pursuant to the terms and conditions of the Options, the Company is obliged to ensure that the Shares issued upon their exercise are not subject to the secondary sale restrictions in the Corporations Act.

The Company is unable to issue a cleansing notice under section 708A(5) of the Corporations Act for this purpose as its shares have been suspended from trading on ASX for more than five trading days in the last 12 months.

Accordingly, the Company has lodged the attached Prospectus for the primary purpose of facilitating secondary trading, pursuant to section 708A(11) of the Corporations Act, of any Shares that may be issued by the Company upon the exercise of the Options before the Closing Date of the Offer, which is proposed to be 5.00pm on 10 January 2018.

An Appendix 3B New Issue Announcement is attached.

**-END-**

**Novo Lítio Ltd**  
ACN 009 146 794



## **PROSPECTUS**

For the offer of 1,000 Offer Shares at an issue price of \$0.10 per Offer Share to raise up to \$100 (**Offer**).

The Offer opens on 14 December 2017 and closes at 5.00pm (WST) on 10 January 2018.

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any secondary trading restrictions that would otherwise apply to Shares issued by the Company prior to the Closing Date.

Refer to Sections 1 and 2 of this Prospectus for more information in respect of the Offer.

### **IMPORTANT NOTICE**

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Please read the instructions in this document and on the accompanying Application Forms regarding acceptance of each Offer. If you do not understand this document, you should consult your professional adviser. The Securities offered by this Prospectus should be considered as a speculative investment.

# Important information

## General

This Prospectus is dated 14 December 2017 and was lodged with the Australian Securities and Investment Commission (**ASIC**) on the same date. Neither ASIC nor ASX Limited (ACN 008 624 691) trading as the Australian Securities Exchange (**ASX**) takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for the Offer of options to subscribe for continuously quoted securities (as defined in the Corporations Act), prepared in accordance with section 713 of the Corporations Act. In preparing this Prospectus, regard has been had to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

Shares will not be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

## Electronic prospectus

This Prospectus may be viewed in electronic form at <https://www.novolitio.com/> by Australian investors only. The electronic version of this Prospectus is provided for information purposes only. A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Company. The information on the Company's website does not form part of this Prospectus.

## Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. In considering the prospects for the Company, potential investors should consider the assumptions underlying the prospective financial information and the risk factors that could affect the performance of the Company. Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial adviser before deciding to invest.

## Applications

Applications for Shares by eligible participants may only be made on an Application Form attached to or accompanying the Prospectus. Please read the instructions in this Prospectus and on the accompanying Application Forms regarding the acceptance of the Offer. By returning an Application Form, lodging an Application Form with your stockbroker or otherwise arranging for payment for Shares in accordance with the instructions on the Application Form, an Applicant will be taken to acknowledge that they have received and read this Prospectus, have acted in accordance with the terms of the Offer to which the application applies and agreed to all of the terms and conditions as detailed in this Prospectus.

## Applicants from overseas

This Prospectus does not make the Offer to investors who reside outside of Australia. The distribution of this Prospectus and the Application Forms (including electronic copies) outside Australia may be restricted

by law. This Prospectus does not, and is not intended to, constitute the Offer or invitation in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such the Offer or invitation. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. Please refer to Section 2.11 for further information.

## Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at [www.asx.com.au](http://www.asx.com.au)). The contents of any website or filing with ASIC or ASX by the Company are not incorporated into this Prospectus and do not constitute part of the Offer unless otherwise expressly stated. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest the Company or subscribe for Shares.

The Company has not authorised any person to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any such extraneous information or representation may not be relied upon.

## Forward-looking statements

This Prospectus includes forward-looking statements that have been based on current expectations about future acts, events and circumstances, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, except during the Offer Period and otherwise as required by law, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

## Meaning of terms

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary in Section 9.

## Currency

References to "\$", "A\$", "AUD", or "dollar" are references to Australian currency, unless otherwise stated.

## Time

References to time relate to the time in Perth, Western Australia, unless otherwise stated.

# Corporate Directory

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## Directors

Mr John Fitzgerald  
(Non-Executive Chairman)

Dr Francis Wedin  
(Technical Executive Director)

Mr David Frances  
(Managing Director)

Prof Dudley Kingsnorth  
(Non-Executive Director)

## Company Secretary

Mr Mathew Whyte

## Registered Office and Principal Office

Level 11  
125 St Georges Terrace  
Perth, Western Australia 6000

Telephone: +61 8 9288 4408  
Email: [info@novolitio.com](mailto:info@novolitio.com)

## ASX Code

NLI

## Website

[www.novolitio.com](http://www.novolitio.com)

## Solicitors to the Offer

Jackson McDonald  
Level 17, 225 St Georges Terrace  
Perth, Western Australia 6000

Telephone: +61 8 9426 6611  
Facsimile: +61 8 9321 2002

## Securities Registry\*

Security Transfer Australia Pty Ltd  
770 Canning Highway  
Applecross, Western Australia 6153

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

## Auditor\*

Ernst & Young  
11 Mounts Bay Road  
Perth, Western Australia 6000

Telephone: +61 8 9429 2222  
Facsimile: +61 8 9429 2436

\*Included for information purposes only. These entities have not been involved in the preparation of this Prospectus.

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## 1. Background

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The Company has four classes of Option on issue, the exercise prices of which are close to, or below, the current price at which Shares are trading on ASX, as follows:

- (a) 2,750,000 unquoted Options exercisable at \$0.016 each on or before 31 December 2018 (ASX Code: NLIAA);
- (b) 2,437,500 unquoted Options exercisable at \$0.035 each on or before 31 December 2017 (ASX Code: NLIAB);
- (c) 16,625,000 unquoted Options exercisable at \$0.06 each on or before 31 December 2017 (ASX Code: NLIAC); and
- (d) 9,250,000 unquoted Options exercisable at \$0.09 each on or before 31 December 2017 (ASX Code: NLIAD).

The Company has received exercise notices, and anticipates receiving additional exercise notices, from the holders of the Options, particularly those exercisable on or before 31 December 2017.

Pursuant to the terms and conditions of the Options, the Company is obliged to ensure that the Shares issued upon their exercise are not subject to the secondary sale restrictions in the Corporations Act.

The Company is unable to issue a cleansing notice under section 708A(5) of the Corporations Act as its shares have been suspended from trading on ASX for more than five trading days in the last 12 months.

Accordingly, the primary purpose of this Prospectus is to facilitate secondary trading of any Shares that may be issued by the Company upon the exercise of the Options before the Closing Date, being 5.00pm on 10 January 2018.

## **2. Details of the Offer**

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### **2.1 Offer**

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 new Shares at an issue price of \$0.10 per new Share to raise up to \$100 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors.

Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

### **2.2 Purpose of Offer**

The Company is seeking to raise only a nominal amount of \$100 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company on the exercise of the Options prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
  - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

### **2.3 Applications for Shares**

Applications for Shares may be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.10 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company by the Closing Date at the following address:

The Company Secretary  
Level 11  
125 St Georges Terrace  
Perth, Western Australia 6000

Cheques must be made payable to "Novo Lito – Share Offer Account" and crossed "Not Negotiable".

An original, completed and lodged Application Form constitutes a binding and irrevocable offer to subscribe for the number of Options specified in that Application Form. The Application Form does not need to be signed to be valid.

If an Application Form is not completed correctly, it may be treated by the Company as valid at its discretion. The Directors' decision as to whether to treat such an Application Form as valid and how to construe, amend or complete a form is final.

## **2.4 Timetable**

The Offer will open for receipt of Applications on 14 December 2017 and will close at 5.00pm (WST) on 10 January 2018.

The Directors reserve the right to extend the Offer Period or close the Offer prior to the Closing Date, subject to the requirements of the Corporations Act and the Listing Rules.

## **2.5 Issue of Shares**

The Shares offered under the Offer are expected to be issued on 11 January 2017, and in any event as soon as practicable following the Closing Date for the Offer.

Holding Statements with respect to the Shares offered under the Offer are expected to be issued on 12 January 2017. The sale by an Applicant of any Shares prior to the receipt of a Holding Statement is at the Applicant's own risk.

## **2.6 ASX quotation**

The Company will apply for Official Quotation on ASX of any Shares issued pursuant to this Prospectus within 7 days of the date of this Prospectus.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## **2.7 Minimum subscription**

The Offer is not subject to any minimum subscription condition or requirement.

## **2.8 Underwriting**

The Offer is not underwritten.

## **2.9 Withdrawal**

The Directors may decide to withdraw this Prospectus or the Offer at any time before issue of any Shares.

## **2.10 Application Moneys to be held on trust**

Application Money will be held by the Company on trust in accordance with the requirements of the Corporations Act until the Shares to which the Application Money relates are issued under the Offer, or a refund of Application Money occurs in the circumstances described in this Prospectus.

The Company will retain any interest earned on Application Money, including in the event of any refund of Application Money.

## 2.11 Applicants outside of Australia

This Prospectus does not constitute the Offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer.

It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional adviser as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued Shares. Return of a duly completed Application Form will constitute a representation and warranty by an Applicant that there has not been any breach of such regulations.

The Company has not taken any action to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

Prospective investors located outside Australia are advised that the information contained within this Prospectus has not been prepared with regard to matters that may be of particular concern to them. Accordingly, prospective investors located outside Australia should consult with their own legal, financial and tax advisors concerning the information contained within the Prospectus and as to the suitability of an investment in the Shares in their particular circumstances.

## 2.12 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of its Securities.

Under CHESS, the Company does not issue certificates to the holders of Securities. Instead, the Company provides holders with a Holding Statement (similar to a bank account statement) that sets out the number of Shares allotted and issued to them under this Prospectus.

This holding statement also advises investors of either their Holder Identification Number (**HIN**) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (**SRN**) in the case of a holding on the issuer sponsored sub-register.

A statement is routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time; however, a charge may be incurred for additional statements.

## 2.13 Taxation implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions for potential Applicants.

Neither the Company nor any of its advisers or officers accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offer. Potential Applicants should, therefore, consult their own tax adviser in connection with the taxation implications of the Offer.

## 2.14 Privacy disclosure

The Company collects information about each Applicant from the Application Forms for the purpose of processing the Application and, if the Applicant is successful, for the purposes of administering the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement.

The Company and the Securities Registry may disclose an Applicant's personal information for purposes related to the Applicant's investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (**Privacy Act**):

- (a) the Securities Registry for ongoing administration of the Company's register;
- (b) the Company's related bodies corporate (as that term is defined in the Corporations Act), agents, contractors and third party service providers, as well as to ASX, ASIC and other regulatory authorities (including the Australian Taxation Office); and
- (c) the printers and the mailing house for the purposes of preparing and distributing Holding Statements and for the handling of mail.

If an Applicant becomes a Security holder of the Company, the Corporations Act requires the Company to include information about the security holder (name, address and details of the Securities held) in its public register. This information must remain in the Company's register even if that person ceases to be a Security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Security holders) and compliance by the Company with legal and regulatory requirements.

If an Applicant does not provide the information required on the Application Form, the Company may not be able to accept or process their Application.

Under the Privacy Act, a person may request access to their personal information held by (or on behalf of) the Company or the Securities Registry. An Applicant can request access to their personal information by writing to the Company through the Securities Registry.

## **2.15 Enquiries**

This Prospectus provides information for potential investors in the Company and should be read in its entirety.

If after reading this Prospectus you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or financial advisor.

### 3. Effect of the Offer

#### 3.1 Capital structure

If all Shares offered under the Offer are subscribed for, the capital structure of the Company is expected to be as follows.

Security type	Number	Percentage of total
<b>Shares</b>		
Shares on issue at the Prospectus Date	370,404,879	100%
Shares to be issued under Prospectus	1,000	0%
<b>Total Shares following completion of the Offer</b>	<b>370,405,879</b>	<b>100%</b>
<b>Options – unquoted</b>		
Options on issue at the Prospectus Date	31,062,500	100%
Options to be issued under Prospectus	Nil	Nil
<b>Total Options on issue following completion of the Offer</b>	<b>31,062,500</b>	<b>100%</b>
<b>Performance Rights</b>		
Performance Rights on issue at the Prospectus Date	6,625,000	100%
Performance Rights to be issued under Prospectus	Nil	Nil
<b>Total Performance Rights on issue following the Implementation Date and completion of the Offer</b>	<b>6,625,000</b>	<b>100%</b>

**Notes:** The figures in the table assume:

- (a) additional Securities are not issued after the Prospectus Date;
- (b) the Offer closes fully subscribed; and
- (c) no Options are exercised prior to the Closing Date.

A summary of the terms of the Options currently has on issue is set out in Section 1 above.

The Performance Rights on issue comprise the following:

- (a) 3,312,500 Tranche 2 Performance Rights, vesting on establishment of a 15 million tonne JORC Compliant mineral resource of Li<sub>2</sub>O of a grade of at least 1% by 29 November 2019; and
- (b) 3,312,500 Tranche 3 Performance Rights, vesting on establishment of a 30 million tonne JORC Compliant mineral resource of Li<sub>2</sub>O of a grade of at least 1% by 29 November 2019.

The full terms and conditions of the Performance Rights on issue are set out in Annexure C of the Company's notice of annual general meeting for its annual general meeting held on 29 November 2016, which was announced to ASX on 27 October 2016. A copy of that notice of annual general meeting is available free of charge from the Company's announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX Code: NLI), and on request from the Company during the Offer Period.

As set out in Section 1, the Company anticipates that some or all of the Options will be exercised prior to the Closing Date. If all of the Options are exercised, a total of 31,062,500 Shares will be issued, which will have a dilutionary effect of 8.38%.

### **3.2 Effect on control**

The Offer will not have a material impact on control of the Company.

### **3.3 Substantial holdings**

The Company does not have any substantial Shareholders.

The Offer will not result in any Shareholder becoming a substantial Shareholder.

### **3.4 Effect on financial position of the Company**

After paying the expenses of the Offer of approximately \$11,900 (exclusive of GST), there will be no net proceeds from the Offer. The expenses of the Offer will be met from the Company's existing cash reserves.

The net effect of the Offer on the Company's financial position will be a net decrease in cash held of approximately \$11,800 (exclusive of GST).

## 4. Risk Factors

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### 4.1 Introduction

The business operations of the Company and its controlled entities, as in any business, are subject to risks which may impact upon the Company's future performance. There cannot be any guarantee that the Company will achieve its stated objectives.

Potential Applicants should read the entire Prospectus and review announcements made by the Company to ASX (at [www.asx.com.au](http://www.asx.com.au) under the code 'IPT') in order to gain an understanding of the Company, its activities, operations, financial position and prospects.

An investment in the Company's Securities should be considered speculative. Securities do not carry any guarantee with respect to the payment of any dividends, returns of capital or the market value of those Securities.

Potential Applicants should consider the risk factors set out below, which the Directors believe represent some of the general and specific risks that Shareholders should be aware of when evaluating the Company and deciding whether to acquire any Securities in the Company. The following risk factors are not intended to be an exhaustive list of all of the risk factors to which the Company is exposed.

### 4.2 Company specific risks

The following risks have been identified as being key risks specific to an investment in the Company. These risks may adversely affect the Company's financial position, prospects and the price of its quoted Securities.

#### (a) **Sepeda title and litigation risk**

The status of the Company's right to acquire its major exploration project in Portugal, known as Sepeda, is presently uncertain and subject to legal proceedings.

There is a risk that should the legal proceedings commenced by the Company's subsidiary, Lusidakota Minerals LDA, be unsuccessful the Company may be unable to acquire, and continue exploration of, the tenements comprising Sepeda.

The Company maintains it has a binding agreement to acquire from Lusorecursos Lda. and its sister company Lusorecursos Arg. Lda. (together **Lusorecursos**), 100% of the package of tenements in northern Portugal known as Sepeda (**Sepeda Acquisition Agreement**), which comprises exploration licence MNPP04612 (being the core Sepeda tenement), and exploration licences to be granted with respect to the following exploration licence applications: MNPPP0393, MNPPP0394, MNPPP0395, MNPPP0274, MNPPP0275 and MNPPP0396 (**Exploration Licence Applications**).

Lusorecursos has refused to fulfil the conditions necessary for the grant of exploration licences with respect to the Exploration Licence Applications, and the transfer of Sepeda to the Company.

The Company maintains it is entitled to acquire the Sepeda tenements by making the following payments:

- (i) 10,625 Euro on the grant and transfer of each tenement;
- (ii) 250,000 Euro on the definition within the tenements of a 5 million tonne JORC compliant lithium resource at 1.2% Li<sub>2</sub>O (or greater); and
- (iii) 750,000 Euro on the definition within the tenements of 15 million tonne JORC compliant lithium resource at 1.2% Li<sub>2</sub>O (or greater).

As announced to ASX on 28 July 2017, the Company has commenced legal proceedings to protect its rights over Sepeda.

Further announcements of the status of the legal proceedings were made on 8 September 2017, 10 October 2017, 29 November 2017 and 6 December 2017.

The Company has submitted to the Portuguese General Directorate of Energy and Geology (**DGEG**) its comprehensive mining plan and a mining licence application with respect to the area of land that is the subject of Exploration Licence Applications, to protect the Company's interest in the asset should the Exploration Licence Applications made by *Lusorecursos* be rejected by DGEG for lack of technical and or financial capability.

The Company anticipates that the initial legal proceedings will take several months to resolve, and the main legal case may take several years.

(b) **Other title risk**

The Company's interests in tenements in Portugal and Sweden are governed by legislation in each jurisdiction and are evidenced by the granting of mining tenements. Each mining tenement is granted subject to conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, tenements if the tenement conditions are not met.

(c) **Exploration risks**

The success of the Company depends on the delineation of economically mineable reserves and resources. Exploration of the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

(d) **Operational and technical risks**

Mining and exploration development operations are vulnerable to a variety of operational and technical matters, and force majeure circumstances, including mechanical failure of plant and equipment and environmental and weather factors which prevent or impede land access. Such factors may prevent exploration and mining activities and/or lead to cost overruns.

(e) **Environmental risks**

The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company intends to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(f) **Future capital requirements**

The Company will most likely require further financing for its future business activities, in addition to amounts raised pursuant to the Offer. Any additional equity financing may be dilutive to Shareholders, undertaken at lower prices than the current market price or involve restrictive conditions which limit the Company's operations and business strategies.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a materially adverse effect on the Company's activities and its ability to continue as a going concern.

(g) **Resource estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. These estimates were appropriate when made, but may change significantly when new information becomes available.

There are risks associated with such estimates. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value.

(h) **Key personnel**

Recruiting and retaining qualified personnel is important to the Company's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong. If such persons cease to be employed or otherwise engaged by the Company for whatever reason, the Company may be adversely affected.

(i) **Commodity price fluctuations**

In the event of exploration and development success, any future revenue derived through the future sale of gold exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for such commodities, forward selling by producers and the level of production costs. Moreover, prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, these commodities.

### **4.3 Mining industry risks**

Mineral exploration and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which, by their nature, are subject to a number of inherent risks, including the following:

(a) **Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) **Ability to exploit successful discoveries**

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require participation of other companies whose interests and objectives may not be the same as those of the Company.

(c) **Mining and development risks**

The profitability of the Company depends upon the successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Mining and development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

(d) **Realising value from projects**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Assurances cannot be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(e) **Joint venture parties, agents and contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(f) **Competition**

The Company competes with other companies, including major mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There cannot be any assurance that the Company will be able to compete effectively with these companies.

(g) **Other**

Whilst the Company currently has not incurred any liabilities and is adequately insured, no assurance can be provided as to potential uninsured losses or liabilities that may arise in the future.

#### **4.4 General investment risks**

(a) **Securities market conditions**

As with all securities market investments, there are risks associated with an investment in the Company. Security prices may rise or fall and the price of Shares might trade below or above the Offer Price under the Offer.

General factors that may affect the market price of Securities, include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(b) **Price and exchange rate fluctuation**

The revenue derived through the sale of mineral commodities targeted by the Company exposes the potential income of the Company to price and exchange rate risks. Prices of mineral commodities fluctuate and are affected by numerous factors beyond the control

of the Company. These factors include world demand for such commodities, forward selling by producers and the level of production costs. Moreover, prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, these commodities.

(c) **Liquidity risk**

There cannot be any guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. There may be relatively few buyers or sellers of shares on ASX at any given time. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell Shares held by them. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid for the Shares.

(d) **Securities investment risk**

Applicants should be aware that there are risks associated with any Securities investment. Securities quoted on a securities market, and in particular Securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Securities regardless of the Company's performance.

(e) **Other risks**

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk, and other matters that may interfere with the business or trade of the Company.

## **5. Rights and liabilities attached to Shares**

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Full details of the rights and liabilities attaching to the Shares are contained in the Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules, the ASX Settlement Rules and the common law. The Constitution is available for inspection free of charge at the Company's registered office and on the Company's website ([www.novolitio.com](http://www.novolitio.com)).

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares:

(a) **Share capital**

All issued ordinary fully paid Shares rank equally in all respects.

(b) **Voting rights**

At a general meeting of the Company, every holder of Shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for each Share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share. Where there is an equality of votes, the chairperson has a casting vote.

(c) **Dividends**

Subject to the Corporations Act and any rights of persons entitled to shares with special rights to dividends (at present there are none), all dividends as declared by the Directors shall be payable on all shares in proportion to the amount of capital paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividends are paid, unless the share is issued on terms providing to the contrary.

Dividends are payable out of the assets of the Company in accordance with section 254T of the Corporations Act and as determined by the Directors, which shall be conclusive. The Directors may direct that payment of the dividend be made wholly or in part by the distribution of specific assets or other securities of the Company.

(d) **Rights on winding-up**

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of Shares, the liquidator may on winding-up of the Company, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Transfer of Shares**

Subject to the Constitution, Shares in the Company may be transferred by:

- (i) a proper ASX Settlement transfer or any other method of transferring or dealing in Shares introduced by the ASX or operated in accordance with the ASX Settlement Rules or the Listing Rules as recognised under the Corporations Act; or
- (ii) an instrument in writing in any usual or common form or in any other form that the Directors, in their absolute discretion, approve from time to time.
- (iii) The Directors may refuse to register a transfer of Shares (other than a proper ASX Settlement transfer) only where:
  - A. the law permits it;

- B. the law requires it; or
- C. the transfer is a transfer of restricted securities (as defined in Listing Rule 19.12) which is, or might be, in breach of the Listing Rules or any escrow agreement entered into by the Company in respect of those restricted securities.

(f) **Further increases in capital**

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares in the Company are under the control of the Directors, who may allot or dispose of all or any of the Shares to such persons, and on such terms, as the Directors determine.

Subject to the Listing Rules, the Directors have the right to issue options over Shares, to any person, for any consideration.

(g) **Variation of rights attaching to Shares**

The rights attaching to the Shares of a class (unless otherwise provided by their terms of issue) may only be varied by a special resolution passed at a separate general meeting of the holders of those Shares of that class, or in certain circumstances, with the written consent of the holders of at least seventy-five percent (75%) of the issued Shares of that class.

(h) **General meeting**

Each holder of Shares is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Constitution, the Corporations Act and the Listing Rules

## 6. Continuous disclosure documents

### 6.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities (as defined in the Corporations Act), and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of the Company’, subject to certain exceptions.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the provisions of the Listing Rules as in force from time to time which apply to disclosing entities, and which require the Company to notify ASIC of information available to the stock market conducted by ASX, throughout the 12 months before the issue of this Prospectus.

### 6.2 Documents available for inspection

The Company has lodged the following announcements with ASX since the lodgement of the Company’s 2017 annual financial report to shareholders on 29 September 2017:

Date	Description of ASX Announcement
11 December 2017	European Strategy Update
6 December 2017	Shareholder Update
5 December 2017	Trading Halt
5 December 2017	Notice of ceasing to be substantial holder
4 December 2017	Notification of Expiry of Unquoted Options
1 December 2017	Response to ASX Query
29 November 2017	Legal Proceedings Update
28 November 2017	Results of Annual General Meeting
9 November 2017	Court Proceedings Update
7 November 2017	Tenement Acquisition Completed
25 October 2017	Notice of Annual General Meeting
25 October 2017	September 2017 Quarterly Activities Report & Appendix 5B
13 October 2017	Form 605 - Notice of Ceasing to be Substantial Holder
12 October 2017	Appendix 3Y Change of Directors Interest Notice

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

Copies of documents lodged with ASX, in relation to the Company, including the Company’s corporate governance policies, may be obtained from the Company’s website ([www.novolitio.com](http://www.novolitio.com)) or at ASX’s website ([www.asx.com.au](http://www.asx.com.au) using ASX Code ‘NLI’).

The Company will provide a copy of each of the following documents, free of charge, to any person on request from the date of this Prospectus until the Closing Date of the Offer:

- (a) the annual financial report of the Company for the financial year ended 30 June 2016, being the annual financial report of the Company most recently lodged with the ASIC before the issue of this Prospectus; and
- (b) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in Section 6.2(a) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

## 7. Additional information

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### 7.1 The Board

The Board currently comprises two non-executive Directors, being Mr John Fitzgerald (Non-Executive Chairman), and Professor Dudley Kingsnorth (Non-Executive Director), and two executive Directors, being Mr David Frances (Managing Director) and Mr Francis Wedin (Executive Technical Director).

A biography of each Director is set out in the Company's annual report for the financial year ended 30 June 2017, which was announced to ASX on 29 September 2017. A copy of this annual report is available free of charge from the Company's announcements platform at [www.asx.com.au](http://www.asx.com.au) (ASX Code: NLI), the Company's website at <http://www.novolitio.com/investor-centre/financial-reports>, and on request from the Company during the Offer Period.

### 7.2 Material and related party contracts

#### (a) Executive Service Agreements – Mr David Frances and Mr Francis Wedin

On 23 December 2015, Novo Lito entered into an Executive Services Agreement with each of Mr David Frances and Mr Francis Wedin, each Directors, for the provision of their services as Managing Director of the Company, and Technical Director of the Company respectively (each an **Executive Services Agreement**).

Each Executive Service Agreement is ongoing, until terminated by either the Company or the relevant Director.

Pursuant to the Executive Service Agreements, Mr Frances is entitled to a base salary of \$250,000 (plus superannuation) per annum, and Mr Wedin is entitled to a base salary of \$200,000 (plus superannuation).

In addition to the base salary, the Company may pay each of Mr Frances and Mr Wedin a performance based bonus.

Presently, each of Mr Frances and Mr Wedin is entitled to a short term incentive of up to 50% of their base salaries, granted in the absolute discretion of the non-executive Directors, upon satisfaction (as determined by the non-Executive Directors) of agreed key performance indicators.

In addition, each of Mr Frances and Mr Wedin have each been issued Performance Rights, the vesting of which is subject to the satisfaction of performance milestones. These Performance Rights were issued to each of Mr Frances and Mr Wedin after Shareholder approval was obtained for their issue, at the Company's general meeting on 12 February 2016.

Pursuant to each Executive Services Agreement, Mr Frances and Mr Wedin must:

- (i) discharge his duties in accordance with the Constitution, the Corporations Act, the Listing Rules and the corporate governance policies of Novo Lito (as applicable);
- (ii) make all necessary disclosures to the Company in relation to all interests and matters which impact his independence and any matters which may give rise to a conflict of interest; and
- (iii) keep information regarding the Company confidential, except if disclosure is required by law or the Company provides prior written consent.

The Directors assign to the Company all intellectual property rights in all geological and mineral exploration information, inventions, designs, works and subject matter they make either alone or in conjunction with others during the course of, in connection with or

arising out of their employment with the Company, and in any way connected with any of the matters in which the Company has been or in the future is interested during the term of the relevant Executive Services Agreement.

Either Director may terminate their Executive Services Agreement by giving three months' written notice. The Company may make payment in lieu of notice.

The Company may terminate the Executive Services Agreement with Mr Frances by giving six months' written notice, and may terminate the Executive Services Agreement with Mr Wedin by giving three months' written notice. The Company may make payment in lieu of notice.

The Company may terminate either Executive Services Agreement immediately for misconduct or other matters that are usual grounds for summary dismissal.

**(b) Directors' indemnity and insurance deeds**

The Company has entered into deeds of access, indemnity and insurance with each Director.

Under the deeds, the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- (i) indemnify each Director in certain circumstances;
- (ii) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst a Director and for 7 years after the Director has ceased to be a Director;
- (iii) cease to maintain directors' and officers' insurance cover in favour of each Director if the Company reasonably determines that the type of coverage is no longer available; and
- (iv) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of 7 years after the Director has ceased to be a Director.

The deeds otherwise contain terms and conditions considered standard for deeds of this nature.

### 7.3 Litigation

As at the date of this Prospectus, the Company is involved in material legal proceedings concerning its rights to acquire the Sepeda project in Portugal. Refer to Section 4.2(a) for further details of these legal proceedings.

The Directors are not aware of any other material legal proceedings pending or threatened against the Company.

### 7.4 Security holding interests of Directors

At the date of this Prospectus the relevant interest of each of the Directors in Securities are as follows:

Director	Shares	Performance Rights
Mr John Fitzgerald	5,500,000	1,000,000
Dr Francis Wedin	10,137,929	2,000,000
Mr David Frances	7,780,000	2,500,000

Prof Dudley Kingsnorth	1,900,000	500,000
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## 7.5 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors, as determined by the Company prior to the first annual general meeting. Such payment, in relation to Non-Executive Directors, is to be paid by way of a fixed sum and not by a commission or percentage of operating revenue or Company profits. The sum fixed, which is currently \$240,000, may be divided amongst the Directors as they may from time to time agree or, in the absence of agreement, in equal shares.

Subject to the provisions of any contract between the Company and any Executive Director, the remuneration for Executive Directors may be fixed by the Directors from time to time.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the remuneration of each Director for the financial years ending 30 June 2016 and 30 June 2017.

Director	Financial year up to 30 June 2016	Financial year up to 30 June 2017
Mr John Fitzgerald (appointed 23 December 2016)	\$86,945 (comprising salary of \$25,000, superannuation of \$2,375, non-monetary benefits of \$881 and share based payments of \$58,689)	\$182,661 (comprising salary of \$60,000, superannuation of \$5,700, non-monetary benefits of \$1,796, and share based payments of \$115,165)
Dr Francis Wedin (appointed 23 December 2015)	\$206,301 (comprising salary of \$75,000, superannuation of \$7,125, non-monetary benefits of \$881, annual and long service leave of \$5,917, and share based payments of \$117,378)	\$471,813 (comprising salary of \$200,000, superannuation of \$19,000, non-monetary benefits of \$1,796, annual and long service leave of \$20,687, and share based payments of \$230,330)
Mr David Frances (appointed 19 April 2016)	\$260,984 (comprising salary of \$100,000, superannuation of \$9,500, non-monetary benefits of \$336, annual and long service leave of \$4,426, and share based payments of \$146,722)	\$583,151 (comprising salary of \$250,000, superannuation of \$23,750, non-monetary benefits of \$1,796, annual and long service leave of \$19,691, and share based payments of \$287,914)
Prof Dudley Kingsnorth (appointed 22 August 2016)	N/A	\$181,360 (comprising salary of \$83,676, superannuation of \$4,073, non-monetary benefits of \$1,537 and share based payments of \$92,074)

**Note:** The amount paid to Prof Dudley Kingsnorth includes \$40,800 which was paid to Industrial Minerals Company of Australia Pty Ltd, ("IMCOA") being a company owned by Prof Kingsnorth and his wife, in respect of additional services provided by Prof Kingsnorth to the Company.

Further information relating to the remuneration of Directors can be found in the Company's 2017 Annual Report, which can be found on the Company's website (www.novolitio.com) or ASX announcements webpage for the Company (ASX Code: NLI).

## 7.6 Expenses of the Offer

The expenses of the Offer (assuming full subscription) are expected to comprise the following estimated costs.

Expense	Amount
Legal fees (including GST)	\$7,500
ASIC fees	\$2,400
Miscellaneous fees	\$2,000
<b>TOTALS</b>	<b>\$11,900</b>

## 7.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus:

- (a) all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have, and have not had in the 2 years before the Prospectus Date, any interest in:
- (i) the formation or promotion of the Company;
  - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
  - (iii) the Offer; and
- (b) amounts have not been paid or agreed to be paid (whether in cash, Securities or otherwise), and other benefit have not been given or agreed to be given, to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Jackson McDonald (a partnership) have acted as solicitors to the Offer, and will be paid approximately \$7,500 (plus GST) for services related to this Prospectus. Jackson McDonald has been paid or is entitled to be paid approximately \$127,254 (plus GST) for legal services provided to the Company in the period 2 years prior to the Prospectus Date.

## 7.8 Consents and liability statements

The following persons have given their written consent to be named in the Prospectus in the form and context in which they are named and to the inclusion of a statement or report in this Prospectus in the form and context in which it is included:

Party	Capacity in which named	Statement or report in this Prospectus
Jackson McDonald (a partnership)	Solicitors to the Offer	Not applicable
Security Transfer Australia Pty Ltd	Securities registry	Not applicable

Each of the parties named above as providing their consent:

- (a) did not authorise or cause the issue of this Prospectus;

- (b) does not make, or purport to make, any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this Section 7.8; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with consent of that party as specified in this Section 7.8.

## 8. Directors' statement

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The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:



**Mr John Fitzgerald**  
Non-Executive Chairman

Date: 14 December 2017

## 9. Glossary, definitions and interpretation

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The meanings of the terms used in this Prospectus are as set out below.

<b>A\$ or \$</b>	Australian dollars.
<b>Applicant</b>	A person who applies for Shares under and in accordance with this Prospectus.
<b>Application</b>	A valid application for Shares offered under this Prospectus.
<b>Application Form</b>	The application form for the Offer accompanying this Prospectus.
<b>Application Moneys</b>	Money received from an Applicant in respect of an Application.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange'.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ACN 008 504 532).
<b>ASX Settlement Rules</b>	The settlement rules of ASX Settlement.
<b>Board</b>	The board of Directors of the Company.
<b>Business Day</b>	Has the meaning given to it in the Listing Rules.
<b>CHESS</b>	Clearing House Electronic Sub-register System operated by ASX Settlement.
<b>Holding Statement</b>	A statement of shares registered in a CHESS account.
<b>Closing Date</b>	The closing date of the Offer, being 5.00pm (WST) on 5.00pm (WST) on 10 January 2018.
<b>Company or Novo Latio</b>	Novo Latio Ltd (ACN 009 146 794).
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A director of the Company as at the date of this Prospectus.
<b>Executive Director</b>	An executive Director of the Company.
<b>GST</b>	Goods and services tax.
<b>Listing Rules</b>	The official listing rules of ASX.
<b>Non-Executive Director</b>	A non-executive Director of the Company.

<b>Offer Period</b>	In relation to the Offer, the period commencing on the Opening Date and ending on the Closing Date for the Offer.
<b>Official Quotation</b>	The admission of Securities to the official list of the ASX.
<b>Opening Date</b>	The opening date of the Offer, being 14 December 2017.
<b>Option</b>	An option to subscribe for a Share.
<b>Performance Right</b>	A performance right which is exercisable into a Share subject to certain vesting conditions.
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth).
<b>Prospectus</b>	This document, including the Application Forms.
<b>Prospectus Date</b>	The date of lodgement of this Prospectus with ASIC, being 14 December 2017.
<b>Related Bodies Corporate</b>	Has the meaning given to it in the Corporations Act.
<b>Related Party</b>	Has the meaning given to it in the Listing Rules.
<b>Subsidiary</b>	Has the meaning given to that term in the Corporations Act.
<b>Sepeda</b>	The exploration licence and exploration licence applications in northern Portugal, known as Sepeda, as described in Section 4.2(a).
<b>Section</b>	A section of this Prospectus.
<b>Securities</b>	Has the meaning given to that term in section 761A of the Corporations Act and includes a Share, an Option and a Performance Right.
<b>Securities Registry</b>	The Company's securities registry, Security Transfer Australia Pty Ltd (ACN 008 894 488).
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	The holder of a Share.
<b>WST</b>	Western Standard Time, being the time in Perth, Western Australia.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, Application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and*  
Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Novo Latio Ltd

ABN

16 009 146 794

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |                                     |
|---|--|-------------------------------------|
| 1 | +Class of +securities issued or to be issued   | Fully paid ordinary shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 1,000 Shares                        |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Same as existing NLI Shares         |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes – same as existing NLI Shares</p>
5	<p>Issue price or consideration</p>	<p>\$0.10 per Share</p>
6	<p>Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Shares to be potentially issued pursuant to the Company’s Cleansing Prospectus dated 14 December 2017 (<b>Prospectus</b>).</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
6c	<p>Number of +securities issued without security holder approval under rule 7.1</p>	<p>1,000</p>

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+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR 7.1: 55,560,732
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	Proposed issue date is 11 January 2017

8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		370,405,879 *	NLI Shares
		* Includes the 1,000 Shares that are in Section 2, and which may be issued under Prospectus	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
	2,750,000	NLIAA Options expiring 31/12/2018 @ EX \$0.016 each
	2,437,500	NLIAB Options expiring 31/12/2017 EX @ \$0.035 each
	16,625,000	NLIAC Options expiring 31/12/2017 EX @ \$0.06 each
	9,250,000	NLIAD Options expiring 31/12/2017 EX @ \$0.09 each
	3,312,500	Tranche 2 Performance Rights, Vesting on establishment of a 15 million tonne JORC Compliant resource of Li2O of a grade of at least 1% by 29 November 2019.
	3,312,500	Tranche 3 Performance Rights, Vesting on establishment of a 30 million tonne JORC Compliant resource of Li2O of a grade of at least 1% by 29 November 2020.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable

**Part 2 - Bonus issue or pro rata issue**

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	

+ See chapter 19 for defined terms.

13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do <sup>+</sup>security holders sell their entitlements *in full* through a broker?
- 31 How do <sup>+</sup>security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Despatch date

**Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid,

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+ See chapter 19 for defined terms.

employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**  
**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

39 Class of +securities for which  
 quotation is sought

40 Do the +securities rank equally in  
 all respects from the date of  
 allotment with an existing +class  
 of quoted +securities?

If the additional securities do not  
 rank equally, please state:

- the date from which they do
- the extent to which they  
 participate for the next  
 dividend, (in the case of a  
 trust, distribution) or interest  
 payment
- the extent to which they do  
 not rank equally, other than in  
 relation to the next dividend,  
 distribution or interest  
 payment

41 Reason for request for quotation  
 now

Example: In the case of restricted securities, end  
 of restriction period

(if issued upon conversion of  
 another security, clearly identify  
 that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

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+ See chapter 19 for defined terms.

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Company Secretary)

Date: 14/12/ 2017

Print name:

Mathew Whyte

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>					
<b><i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i></b>					
<b><i>Insert</i></b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	363,629,879				
<b><i>Add</i></b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; text-align: right;">150,000</td> <td>(Shares issued on Exercise of Unquoted Options Approved at AGM 11/12/2014)</td> </tr> <tr> <td style="text-align: right;">6,625,000</td> <td>(Approved at AGM 29/11/2016)</td> </tr> </table>	150,000	(Shares issued on Exercise of Unquoted Options Approved at AGM 11/12/2014)	6,625,000	(Approved at AGM 29/11/2016)
150,000	(Shares issued on Exercise of Unquoted Options Approved at AGM 11/12/2014)				
6,625,000	(Approved at AGM 29/11/2016)				
<b><i>Subtract</i></b> the number of fully paid ordinary securities cancelled during that 12 month period	N/A				
<b>“A”</b>	370,404,879				

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	[Note: this value cannot be changed]
<b>Multiply “A” by 0.15</b>	55,560,732
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	1,000 Shares (subject of this Appendix 3B, which may or may not be issued)
<b>“C”</b>	<b>1,000</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<b>“A” x 0.15</b>  <i>Note: number must be same as shown in Step 2</i>	55,560,732
<b>Subtract “C”</b>  <i>Note: number must be same as shown in Step 3</i>	1,000
<b>Total [“A” x 0.15] – “C”</b>	<b>55,559,732</b>  [Note: this is the remaining placement capacity under rule 7.1]

+ See chapter 19 for defined terms.

Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	<i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<p>“A” x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p><b>Subtract “E”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p><b>Total</b> [“A” x 0.10] – “E”</p>	<p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

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+ See chapter 19 for defined terms.