



CORPORATE DIRECTORY

Non-Executive Chair
John Fitzgerald

Managing Director (as of 1 Feb
2018)
Justin Tremain

Executive Technical Director
Francis Wedin

Non-Executive Director
Dudley J Kingsnorth

FAST FACTS

Issued Capital:	372.8m
Options Issued:	2.75m
Market Cap:	\$21.6m
Cash:	\$16.9m

CONTACT DETAILS

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QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

For the period ending 31 December 2017

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

Highlights:

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

- **Completion of the acquisition of the largest granted tenement portfolio in the northern Portugal lithium belt, and continuation of fieldwork to identify drill targets within the tenements¹;**
- **Completion of drill permitting at the Spodumenberget Project, one of the Company’s spodumene-hosted lithium projects in Sweden²;**
- **Ongoing assessment of new opportunities to further grow NLI’s development pipeline;**
- **Appointment of a new Managing Director.**

Novo Lítio’s aim is to become a sustainable supplier of low impurity lithium concentrates and/or 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 ongoing delays linked to a legal dispute over its main project, the Sepeda Lithium Project, the Company has continued to make progress towards achieving its goals. Whilst the Company attempts to resolve the dispute regarding its ownership rights over the Sepeda Lithium Project, NLI is pursuing a growth strategy through fieldwork on its large tenement portfolio in the northern Portugal lithium belt, progression of its Swedish lithium projects and assessment of potential acquisition targets.

¹ NLI announcement 7/11/2017

² NLI announcement 11/12/2017

PROJECTS

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

Portugal – Lithium Projects

On the 4th of December 2017, the Braga court judge hearing the case between NLI and Lusorecursos (LR) ruled that the expedited procedure to protect the 7 December 2017 deadline, from expiration of the exploration licence, was no longer needed as the application for a mining licence by LR protects that date and now NLI's rights can be determined in the main legal case against LR. In response to this decision NLI has immediately moved to protect its rights over the asset via a multi-phase legal strategy, whilst initiating the main case. The Company also submitted to the DGEG (Portuguese General Directorate of Energy and Geology) its comprehensive mining plan and mining licence application by the 7 December 2017, to protect the Company's rights over the asset should LR's mining licence application be rejected by DGEG for lack of technical and or financial capability. NLI will keep shareholders informed of the progression of its multi-phase strategy to protect its rights at the Sepeda Lithium Project.

During the Quarter, NLI completed the acquisition of a very large tenement package in northern Portugal from TSX-listed Medgold Resources Corp. ("Medgold") (refer ASX announcement dated 4 September 2017). These tenements cover an area of known LCT-type pegmatite occurrences around the Sepeda Lithium Project, and is one of the few holdings along the belt that is not subject to overlapping exploration tenement applications. The NLI field team is currently in the process of conducting fieldwork on these tenements, with the aim to produce drill targets in the near term.

Sweden – Lithium Projects

During the Quarter, NLI completed the drill permitting process for its Spodumenberget Lithium Project in Sweden. Spodumenberget has yielded high grade results from surface sampling including 2.77% Li₂O, 7,820ppm Ta and 653ppm Sn from spodumene-bearing pegmatites³. The planned drilling will target this area of high grade results from the surface sampling. The Swedish projects complement NLI's main-focus core Portuguese assets and its strategy to be a sustainable supplier of lithium carbonate/hydroxide to the European markets.

Strategy Update

To avoid further delay and disruption to NLI's lithium development strategy, whilst expeditiously continuing to advance its legal action to protect its interests at the Sepeda Lithium Project, the Company will now seek to place more focus on developing its other projects, and on further project acquisition. This strategy follows on from the Sepeda Lithium Scoping Study completed earlier in the year by NLI, which showed that a larger global resource will be required to justify the construction of a battery-grade lithium carbonate plant in Portugal: In addition to being well-funded and strategically positioned in the region, the Company is the largest granted tenement holder in the northern Portugal lithium belt, and will seek to generate new lithium drill targets on its landholding within the coming months. There is also an expectation that DGEG will grant several of the Company's applications, that are not overlapped by other companies, in the near future, bolstering the Company's footprint in the highly prospective northern belt. Desk-top studies have already been completed on these applications and field crews are ready to

³ NLI ASX announcement 28/07/2017

commence work immediately upon granting. Elsewhere in Europe, drilling permits for NLI’s Spodumenberget lithium project in Sweden were granted in December 2017. NLI has a strong track record of new lithium discoveries and will continue to apply the same endeavours on all of its projects. In addition, the Company is currently assessing other potential acquisition targets, to bolster its lithium development strategy.

CORPORATE

Change in Managing Director

Mr David Francis resigned a Managing Director on 15 December 2017. Mr Frances will remain available to assist NLI with its ongoing legal proceedings to protect its interests in the Sepeda Lithium Project in Portugal.

Subsequent to the end of the quarter, Mr Justin Tremain has been appointed as Managing Director to be effective from 1 February 2018. Mr Tremain has extensive experience across the mineral resource sector. Most recently, he founded Renaissance Minerals Limited (“Renaissance”) and listed it on the ASX in June 2010 and served as Managing Director until its takeover by Emerald Resources NL (ASX:EMR) (“Emerald”) in November 2016, at which time he joined Emerald as an Executive Director. During that time, Mr Tremain oversaw Renaissance’s growth as a first mover into the frontier jurisdiction of Cambodia and successfully defined a highly economic +1 Million ounce JORC gold resource at the Okvau Gold Deposit. A Definitive Feasibility Study on the project was completed in 2017 delivering a JORC Ore Reserve of 907,000 ounces within a single open pit.

Capital Structure

On 3 January 2018 the Company announced the following changes to its securities:

1. The issue of 2,437,500 fully paid ordinary shares (Shares) upon the exercise of 2,437,500 unquoted options exercisable at \$0.035 and expiring on 31 December 2017 (NLIAB). These Shares were issued pursuant to the offer under the Cleansing Prospectus (as announced on 14 December 2017) which has closed;
2. The expiry of the following unquoted options which lapsed in accordance with the terms on which they were issued;
 - a. 16,625,000 unquoted options exercisable at \$0.06 and expiring 31 December 2017 (NLIAC); and
 - b. 9,250,000 unquoted options exercisable at \$0.09 and expiring 31 December 2017 (NLIAD)
3. The cancellation of 1,250,000 Tranche 2 and 1,250,000 Tranche 3 Performance Rights effective on 15 December 2017 in accordance with the terms of Company’s Long -Term Incentive Plan Rules.

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

Quoted Securities:

Number	Class	ASX Code
372,842,379	Ordinary Fully Paid	NLI

Un-Quoted Securities

Options

Number	Class	ASX Code
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2,750,000	Options exercisable at \$0.016 expiring 31 December 2018	NLIAA
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Performance Rights*

Number	Class	ASX Code
2,062,500	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
2,062,500	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:

- 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 31 December 2017 as attached.

Tenement Information as at 31 December 2017

Tenement	Location	Holding %	Change in Holding during Period %	Status
E69/3417	WA	100%	0%	Granted
E69/3418	WA	100%	0%	Granted
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%	0%	Granted
MNPP01015	Portugal	100%	0%	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 is pursuing the matter in the Courts of Portugal.

Dated this 25th day of January 2018

JOHN FITZGERALD

**Chairman
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 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")

31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(696)	(1,877)
(b) development	-	-
(c) production	-	-
(d) staff costs	(198)	(279)
(e) administration and corporate costs	(210)	(590)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	109	173
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	119
1.8 Other (GST refunded/paid)	-	-
1.9 Net cash from / (used in) operating activities	(995)	(2,454)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(225)	(225)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	4,024	4,767
(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	3,799	4,542

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	85	85
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	85	85

4. Net increase / (decrease) in cash and cash equivalents for the period	2,889	2,173
4.1 Cash and cash equivalents at beginning of period	13,688	14,398
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(995)	(2,454)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,799	4,542
4.4	Net cash from / (used in) financing activities (item 3.10 above)	85	85
4.5	Effect of movement in exchange rates on cash held	8	14
4.6	Cash and cash equivalents at end of period	16,585	16,585

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	341	1,057
5.2	Call deposits	16,244	12,631
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)	16,585	13,688

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

Current quarter \$A'000
149
-

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

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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	460
9.2 Development	-
9.3 Production	-
9.4 Staff costs	65
9.5 Administration and corporate costs	104
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	629

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 January 2018

Sign here:
(Director/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.