

12 January 2017

Market Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Karibib Lithium Project Consolidates with New Agreement

Highlights

- Karibib Lithium Project land-holding expands via an Option and JV agreement to earn up to 90% of granted EPL 5751 in Namibia
 - Initial reconnaissance has identified the potential for lithium mineralised pegmatites
 - Strike length of Lithium mineralisation found over 300m
 - Rock chip samples reported grades including 2.73% Li₂O
 - Five (5) EPAs in the Karibib area already applied for ([refer ASX Announcement 14/11/16](#))
 - EPL 5751 lies within the same geological terrain as the historic Rubikon and Helikon Lithium mines which produced the bulk of Namibia's lithium production
 - **STRONG FINANCIAL POSITION: A\$8.4 million** (cash: \$6.4 million; receivables: \$2 million¹)
-

The EPL 5751 Option and Joint Venture Agreement

Auroch Minerals Limited (**Auroch** or the **Company**) is pleased to announce an Option and Joint Venture Agreement over EPL 5751 to continue the growth of its Karibib Lithium Project in Namibia, complementing and building upon the (five) 5 EPL applications that were announced on 14 November 2016.

The Option and JV agreement covers granted EPL 5751 which lies south west of the well-known historic Rubikon and Helikon Lithium deposits (**Figure 1**).

¹Refer ASX announcement 26 August 2016

Auroch CEO Dr Andrew Tunks commented:

“The 5751 JV is an exciting exploration opportunity and grows our significant ground holding in the Erongo Region, an area that has sourced over 90% of Namibia’s previous lithium production. Importantly our reconnaissance work has already identified extensive pegmatites within the tenement. Our goal is to rapidly identify and test large lithium bearing pegmatites of similar age and style to the pegmatites that host the nearby Rubikon and Helikon historical lithium mines.”

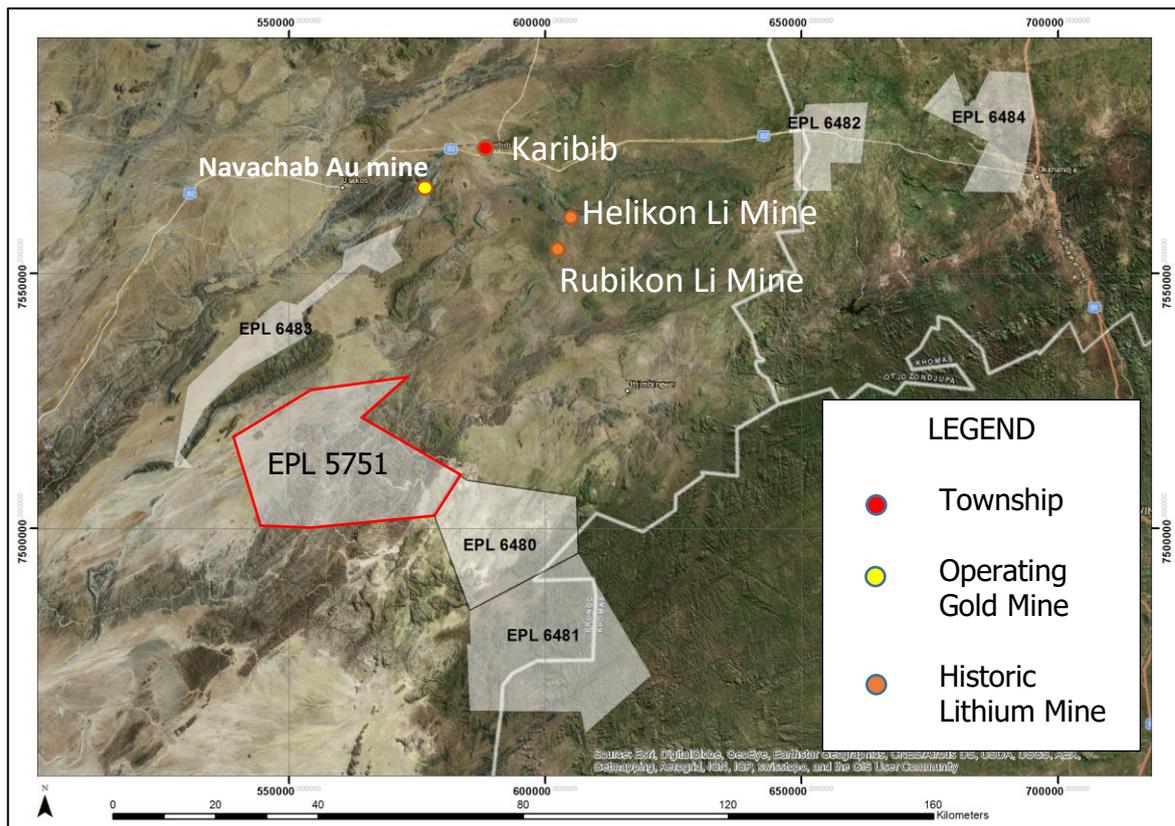


Figure 1: Location of EPL 5751 (outlined in red) as well as the five EPL applications in relation to the Rubikon and Helikon Lithium mines as well as the Navachab Gold mine

Geology and Reconnaissance visit to EPL 5751

Initial inspection by the Company of EPL 5751 confirmed the existence of pegmatites outcropping at surface, with the largest observed to-date exceeding 300m in length. A rock chip sample (B2674) was collected from this pegmatite and assayed 2.73% Li_2O . Little is known of this pegmatite in Namibia and further detailed investigation is planned, with the intent of identifying mineral species and clarifying the nature of the pegmatite.

A further three pegmatites were identified within EPL 5751 during the initial reconnaissance inspection and these will also be examined in detail during follow-up fieldwork.

Lithium mineralisation was noted in most pegmatites visited and this has been supported by first pass rock-chip sampling that returned a single significant Li_2O grade of 2.73%. (All samples are reported in **Table 1** below).

Sample #	Li %	Li ₂ O %	East	North
B2671	0.001	0.002	550,801	7524720
B2672	0.002	0.004	551,440	7524135
B2673	0.002	0.004	551,440	7524135
B2674	1.27	2.731	575,922	7511951
B2675	0.005	0.011	575,890	7511984
B2676	0.045	0.097	575,890	7511984
S00060	0.016	0.034	562085	7523119
S00061	0.007	0.015	548101	7521917
S00062	0.001	0.002	560946	7522680

Table 1. Assays for Lithium from initial sampling

All assay results for lithium are received from the laboratory as Lithium parts per million (ppm). For reporting purposes this is converted to lithium oxide Li₂O which is the industry standard for reporting exploration results and resources.

Transaction terms are detailed in Appendix 1.

Historic Lithium Production from the Karibib Area

The **Rubikon** and **Helikon** mines operated from 1980 to 1984 producing lithium, beryl and ultra pure “optical” quartz. Production records are incomplete but the main lithium production was from **petalite**, **amblygonite** and **lepidolite**.

At both Rubikon and Helikon operations, the ore zones are formed within zoned pegmatite bodies up to 50m in width and over several hundred metres along strike. The pegmatites are intruded into the metamorphosed Karibib Formation and Pan-African aged granites, that also intruded the surrounding metamorphic rocks. The location of the Rubikon and Helikon deposits and the five new licence applications are shown on Figure 1.

Initial Exploration Plan

The exploration plan will involve field traverses to locate all pegmatites within the licence. This will be followed by non-intrusive rock chip sampling and broad spaced sampling to examine the geochemistry of the pegmatites. This work will commence in mid-January 2017.

Namibia – Overview

Namibia is often described as Africa’s optimist –and with good reason. Not only does it enjoy one of the continent’s most pleasant, peaceful and politically stable environments, but also an infrastructure to rival many developed countries.

- Capital Windhoek
- Population 2.5 million
- Namibia recorded 5.2% GDP growth in 2014
- Mining represents 25% of GDP
- Free and open Democracy
- Presidential style of Government
- Corporate tax rate for Mining Companies - 37.5%
- Royalties for Precious, Base and Rare metals - 3%



Namibia Mining Projects

Namibia has an abundance of natural resources, among them, a wide range of mineral deposits including world class diamonds and uranium, as well as gold, copper, lead, zinc, semi-precious stones, industrial minerals, salt and fluorspar.

Namibia is considered to be a mining friendly country and nationally significant projects and their mine operator include:

- Rossing Uranium – Rio Tinto
- Langer Heinrich Uranium – Paladin Energy
- Otjikoto Gold – B2Gold Corporation
- Husab Uranium – Taurus Minerals acquired in 2012 from ASX listed Extract Resources
- Navachab Gold – QKR Corporation acquired from AngloGold Ashanti
- Rosh Pinah Zinc – Glencore
- Skorpion Zinc - Vedanta
- Off shore diamond mining – De Beers Marine

For further information, visit www.aurochminerals.com or contact:

Dr. Andrew Tunks
Chief Executive officer
Auroch Minerals Limited
T: +61 8 9486 4036

Disclaimer

Certain statements and information contained in this document are forward-looking statements based on the Company's future plans, objectives and goals. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially depending on risks generally inherent in the ownership and operations of mining properties and the production and sale of associated products. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Company or any of its officers, employees, agents or consultants or any other person, as to the adequacy, accuracy, completeness or reasonableness of the information in this document. An investment in the shares of the Company is to be considered highly speculative

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr. Andrew Tunks and represents an accurate representation of the available data. Dr. Tunks (Member Australian Institute Geoscientists) is the Company's Chief Executive Officer and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Tunks consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition

Table 1 -Section 1 - Sampling Techniques and Data (Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> Grab samples collected from outcrop and old workings by Geologist under contract to Auroch Minerals Samples were collected from zones suspected to be mineralised Samples were not collected on a grid. Sample locations were measured by GPS and are given in WGS84 33S
<i>Drilling techniques</i>	<ul style="list-style-type: none"> NA
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> NA
<i>Logging</i>	<ul style="list-style-type: none"> Samples we logged in field
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> NA
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> The assaying was completed at Bureau Veritas in Swakopmund Namibia The samples have been sorted and dried. Primary preparation has been by crushing the whole sample. The samples have been split with a riffle splitter to obtain a sub-fraction which has then been pulverised in a vibrating pulveriser. The sample(s) have been digested with a mixture of Acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric Acids. Li has been determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry. (OES)
<i>Verification of sampling & assaying</i>	<ul style="list-style-type: none"> NA
<i>Location of data points</i>	<ul style="list-style-type: none"> Coordinates in report are given in in WGS84 Zone 33S
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> NA
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> NA
<i>Sample security</i>	<ul style="list-style-type: none"> Samples were collected by field geologist, numbered and bagged and delivered immediately to assay laboratory
<i>Audits or reviews</i>	<ul style="list-style-type: none"> NA

Section 2 - Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> EPL 5751 is held 100% by Dynamic Geo-Consulting Services Granted on 26/01/2015
<i>Exploration by other parties</i>	<ul style="list-style-type: none"> NA
<i>Geology</i>	<ul style="list-style-type: none"> EPL 5751 is underlain by Damaran metasediments and has been intruded by various granitic rocks, pegmatites, quartz veins and dolerites. The area has experienced a complex tectonic history and dips are generally steep Lithium occurs in various minerals associated with Lithium Caesium Tantalum (LCT) Pegmatites
<i>Drill hole Information</i>	<ul style="list-style-type: none"> NA
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> NA
<i>Mineralisation widths vs intercept lengths</i>	<ul style="list-style-type: none"> NA
<i>Diagrams</i>	<ul style="list-style-type: none"> See report
<i>Balanced reporting</i>	<ul style="list-style-type: none"> NA
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> NA
<i>Further work</i>	<ul style="list-style-type: none"> See report

Appendix 1 - Joint Venture Details

Dynamic Geo-Consulting Services CC (**DGS**), a Namibian entity, is the registered holder of EPL 5751, (the **Partner**) in the Erongo region of Namibia. The Option and Joint Venture is for the exploration of Base and Rare Metals, Industrial Minerals (including Lithium), precious metals and Dimension Stones. EPL 5751 was granted on 26 Jan 2015 for a 3 year term.

The terms of the Option and Joint Venture Agreement (**Agreement**) are summarised as follows:

- For a non-refundable fee of USD\$7,500, DGS grants to Auroch the option to enter into a joint venture with DGS to explore and develop the project on the following basis:
 - Auroch may exercise the option at any time within 60 days after Auroch's authorised representatives first visit the area covered by EPL 5751. An Option exercise fee of USD\$10,000 is payable to DGS.
 - The Option term may be extended by mutual agreement.
 - Once the Option is exercised, EPL 5751 will be transferred to a joint venture company (**JV Company**) effectively owned 90% by Auroch (or its nominee entity) and 10% by DGS or a 100% directly or indirectly owned Namibian subsidiary of the JV Company.
 - Until the transfer is completed and registered, DGS will hold a 90% ownership interest in EPL 5751 as bare trustee for the benefit of Auroch (or its nominee entity).
- When the transfer of EPL 5751 is completed and registered, Auroch will pay DGS USD\$20,000 and issue to DGS 100,000 fully paid ordinary shares in Auroch.
- The joint venture will commence when Auroch exercises the Option.
- Auroch will sole fund all expenditure on the project until (i) a positive bankable feasibility study or definitive feasibility study is completed that supports a decision to mine, and (ii) a mining licence for the project is granted; after which both parties will share project expenditure pro rata to their respective shareholdings in the JV Company (but Auroch will loan fund DGS's share of expenditure, to be repaid out of 60% of DGS's share of dividends subject to any necessary third party project financier approvals).
- Auroch will be the Manager of the joint venture and shall determine in its absolute discretion the joint venture programmes and budgets for work to be carried out on the project.
- Auroch will expend at least USD\$50,000 per annum during the term of the joint venture.
- Auroch will issue to DGS:
 - 200,000 fully paid ordinary shares in Auroch after the first anniversary of the successful renewal of EPL 5751 for a further 2 year term.
 - 500,000 fully paid ordinary shares in Auroch when (i) a positive bankable feasibility study or definitive feasibility study is completed that supports a decision to mine, and (ii) a mining licence for the project is granted.
- Auroch may elect at any time to withdraw from the joint venture, upon which the project will be returned to DGS and Auroch will have no further liability, other than remedial obligations relating to activities carried out under the Agreement.
- Auroch is entitled to a right of first and last offer to acquire DGS's shares in the JV Company should DGS propose to sell any or all of its shares in the JV Company.
- DGS grants to Auroch a call option to buy up to 50% of DGS's shareholding in the JV Company (so that DGS will be left with not less than a 5% shareholding in the JV Company) subject to various conditions.