

CORPORATE DIRECTORY

Non-Executive Chair
John Fitzgerald

President & CEO
David J Frances

Executive Technical Director
Francis Wedin

Non-Executive Director
Dudley J Kingsnorth

FAST FACTS

Issued Capital:	370.4m
Options Issued:	31.1m
Market Cap:	\$18.5m
Cash:	\$14.4m

CONTACT DETAILS

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ACN: 009 146 794

QUARTERLY ACTIVITIES REPORT & APPENDIX 5B

For the period ending 30 June 2017

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

Highlights:

The Company progressed its strategy to become a sustainable, European-focused lithium Company through:

- Producing battery grade (99.97% Li_2CO_3) lithium carbonate, and very low-impurity petalite concentrate, from metallurgical testwork¹ on a sample from the Sepeda Lithium Project;
- Advancing its Phase Three and Phase Four drilling at Sepeda, which continues to produce highly encouraging results²;
- Progressing the Scoping Study at Sepeda in partnership with the Company's civil, processing and mining engineering consultants; and
- Commencing field exploration works at the Company's Swedish lithium projects³.

Novo Lítio's aim is to become a sustainable supplier of ultra-low impurity petalite concentrate and lithium carbonate/hydroxide, to the high-tech glass and ceramics industry and the European electric vehicle and stationary storage battery markets respectively, via its projects in northern Portugal and Scandinavia. Europe has been identified as the likely first mover in widespread electric vehicle penetration and home energy storage using lithium-ion batteries. European industrial groups are already producing affordable home energy storage units and leading automotive manufacturers in the region continue to commit significant investment towards new, all-electric vehicle models. Significant and increasing demand from various industrial groups for ultra-low impurity lithium mineral concentrates such as petalite also means that Novo Lítio potentially has the optionality to produce dual-stream products.

¹ NLI announcement 29/05/17

² NLI announcement 03/05/17

³ NLI announcement 08/05/17

The focus of the Company for the Quarter was to capitalise on its significant cash position by further progressing Novo Lítio's European lithium strategy.

Portugal - Sepeda Lithium Project

During the Quarter, Phase Three RC and diamond drilling continued at Sepeda, with the purpose of growing and upgrading the current Mineral Resource, as well as providing geotechnical information for future feasibility studies. Phase Four drilling also commenced, to provide material for a bulk sample to be sent for detailed metallurgical testwork, to be used in feasibility studies.

Results from metallurgical testwork at Dorfner-Anzaplan show both battery grade lithium carbonate (99.97% Li₂CO₃) and a very-high purity petalite concentrate, can be produced from mineralised material at Sepeda via conventional methods.

Novo Lítio continued to work together with its processing, mining and civil engineering consultancy groups to finalise the Scoping Study for Sepeda, completion of which was delayed due to issues experienced with transferring title from the project vendor.

The Company has a binding agreement to acquire 100% of the granted licence and licence applications held by Lusorecursos ARG and Lusorecursos LDA. Completion of the transfer of licences to the Company remains pending and has been frustrated by the vendors. The Company has sought unsuccessfully to resolve the issue on a commercial basis. The Company considers it has binding and enforceable legal rights and will now pursue the matter on an expedited basis in the Courts of Portugal. (Refer to ASX Announcement on 28 July 2017 entitled "*Commencement of Legal Proceedings re Sepeda*" for further details).

Sweden – Spodumenberget Lithium Project

In addition, NLI also initiated works at its Swedish lithium projects, focusing on Spodumenberget. Works included mapping and sampling of the main pegmatite outcrops, with a view to defining drill targets in the near term.

CORPORATE

Capital Structure

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

Quoted Securities:

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

Un-Quoted Securities

Options

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

16,625,000	Options exercisable at \$0.060 expiring 31 December 2017	NLIAB
9,250,000	Options exercisable at \$0.090 expiring 31 December 2017	NLIAB

Performance Rights*

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

ASX waiver details

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

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

Expenditure

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

Tenement Information as at 30 June 2017

Tenement	Location	Holding %	Change in Holding during Period %	Status
E69/3417	WA	100%	0%	Granted – pending transfer from Slipstream Resources Investments Pty Ltd
E69/3418	WA	100%	0%	Granted – pending transfer from Slipstream Resources Investments Pty Ltd
MNPP04612	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%	100%	Under Application
MNPPP0424	Portugal	100%	100%	Under Application
MNPPP0426	Portugal	100%	100%	Under Application
MNPPP0430	Portugal	100%	100%	Under Application
MNPPP0431	Portugal	100%	100%	Under Application
Dyngselet-1	Sweden	100%	100%	Granted
Hamrånge nr 100	Sweden	100%	100%	Granted
Hamrånge nr 101	Sweden	100%	100%	Granted
Hamrånge nr 102	Sweden	100%	100%	Granted
Hamrånge nr 103	Sweden	100%	100%	Granted
Hamrånge nr 104	Sweden	100%	100%	Granted
Dyngselet nr 2	Sweden	100%	100%	Granted
Skorped nr 1	Sweden	100%	100%	Granted
Räggen nr 100	Sweden	100%	100%	Granted
EL 7548	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 7549	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6627	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 7550	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6628	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 7756	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6629	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried
EL 6789	NSW	30%	N/A	Farm out to Perpetual Resources Ltd (ASX:PEC), NLI Free carried

Tenement Schedule (ASX LR 5.3.3)

*100% rights to granted tenement, and to tenement applications subject to grant, from the Company's agreement with, Lusorecursos ARG and Lusorecursos LDA. The Company has a binding agreement to acquire 100% of the granted licence and licence applications held by Lusorecursos ARG and Lusorecursos LDA. Completion of the transfer of licences to the Company remains pending and has been frustrated by the vendors. The Company has sought unsuccessfully to resolve the issue on a



commercial basis. The Company considers it has binding and enforceable legal rights and will now pursue the matter on an expedited basis in the Courts of Portugal.

Dated this 31st day of July 2017

DAVID J FRANCES

**Managing Director & CEO
Novo Lítio Limited**

About Novo Lítio

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

Competent Person Statement

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

NOVO LITIO LTD

ABN

16 009 146 794

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	1
1.2 Payments for		
(a) exploration & evaluation	(1,363)	(3,791)
(b) development	-	-
(c) production	-	-
(d) staff costs	(120)	(347)
(e) administration and corporate costs	(414)	(756)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	167	363
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (GST refunded/paid)	-	55
1.9 Net cash from / (used in) operating activities	(1,730)	(4,475)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(84)
(b) tenements (see item 10)	-	(98)
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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)	-	4,955
(c) investments	-	-
(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)	(3)	(15)
2.6 Net cash from / (used in) investing activities	(8)	4,758

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	-	2
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(12)
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	-	(10)

4. Net increase / (decrease) in cash and cash equivalents for the period	(1,738)	273
4.1 Cash and cash equivalents at beginning of period	16,117	14,116
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,730)	(4,475)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	4,758
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(10)
4.5	Effect of movement in exchange rates on cash held	19	9
4.6	Cash and cash equivalents at end of period	14,398	14,398

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	414	343
5.2	Call deposits	13,984	15,774
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)	14,398	16,117

6. Payments to directors of the entity and their associates

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

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

Current quarter \$A'000
185
-

Included remuneration and directors fees paid to Directors.

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	561
9.2 Development	-
9.3 Production	-
9.4 Staff costs	272
9.5 Administration and corporate costs	102
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	935

Mining exploration entity and oil and gas exploration entity quarterly report

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.



31 July 2017

Sign here:
Company Secretary

Date:

Print name:
Mathew Whyte

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.