



17 January 2018

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

PLANNED EXPLORATION – CHILEAN LITHIUM EXPLORATION CONCESSIONS

Speciality Metals International (ASX:SEI, Speciality Metals or the Company) wishes to advise that it will shortly be undertaking further exploration work for lithium brines and lithium (+borate) in northern Chile. This program, in the northern Atacama region, will commence on or about 17 January 2018. The program is aimed at developing new lithium targets following on from the success of its previous reconnaissance sampling in 2016 (see last week's announcement and July 2017 Quarterly Activities Report).

To date SEI has been granted 10 exploration concessions in two salars in the Atacama region and is awaiting the grant of a further group of exploration concessions by the Chilean Courts. SEI has been advised by its Chilean lawyers that this process is well advanced and expects that these concessions will be granted in the not too distant future. The applications and granted concessions are in salars in the central belt of northern Chile, all at an altitude of around 1000m and the salars typically have a surface salt crust. The salars are formed in hydraulically closed basins formed by uplift and rifting of the western margin of South America. The search for lithium brines is focused on the salars because it is anticipated that evaporation over time has concentrated lithium in ground waters trapped in these salars. The fact that this evaporation has taken place is confirmed by the presence of modern salt crust and the historic nitrate and borax mining operations in the salars, both deposit types being the result of evaporation. The salars offer ideal situations for the construction of evaporation ponds on their flat surfaces, with the intention of pumping lithium bearing ground waters to the surface and concentrating the lithium by further evaporation in the ponds, prior to shipment to processing facilities.

SEI will use its previous work and the upcoming assays from the current work program to plan a drilling program. The drilling program will test each salar to sample the ground waters at depth. The drilling is intended initially to confirm that lithium-bearing ground waters occur in the subsurface in areas where SEI's previous surface sampling found conspicuously anomalous lithium, boron and potassium values in surface crusts and brines accumulated in surface depressions. Typically, the lithium content in ground waters in these salars increases in concentration with increasing depth therefore SEI plans to take the initial drill holes to depths exceeding 100m. It is anticipated that the ground waters will be hosted by the Rio Loa Formation, which is composed of limestones, dolomites, sands and gravels. This formation was deposited during the Tertiary period in all the enclosed basins throughout this region and is itself partly evaporative in origin.

Executive Chairman, Russell Krause stated:

"The additional sampling program, designed by the Company's geological team, will provide important insights into where the best locations for lithium brines exist within the Company's Chilean exploration concessions. This will enable the geological team to prepare a drilling program to test these target areas."

"The Board eagerly awaits the results from this reconnaissance work and to the commencement of its drilling program once these results have been received," Mr Krause concluded.

About Speciality Metals International Limited

Speciality Metals International Limited (ASX:SEI), formerly Carbine Tungsten Limited (ASX:CNQ) plans to be a pre-eminent Australian tungsten producer from the historic Mt Carbine tungsten mine in Far North Queensland.

The Company recently also expanded its exploration portfolio to include the following diversified projects:

- Lithium and other valuable mineral resources such as potassium, iodine and boron contained within subsurface brines within its Chilean exploration concessions;
- Gold Exploration Licences (Panama Hat and Crow Mt) in New South Wales, Australia;

Whilst

- Maintaining its world-class tungsten assets at Mt Carbine in Far North Queensland, Australia which consist of the Mt Carbine Tungsten Mine and the Iron Duke and Petersen's Lode Exploration Permits.

It aims to create shareholder value through the exploration and development of its current portfolio, whilst continuing to evaluate corporate and exploration opportunities within the speciality metals sector.

R H Krause

Executive Chairman

Speciality Metals International Limited