



9 May 2018

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

LITHIUM UPDATE

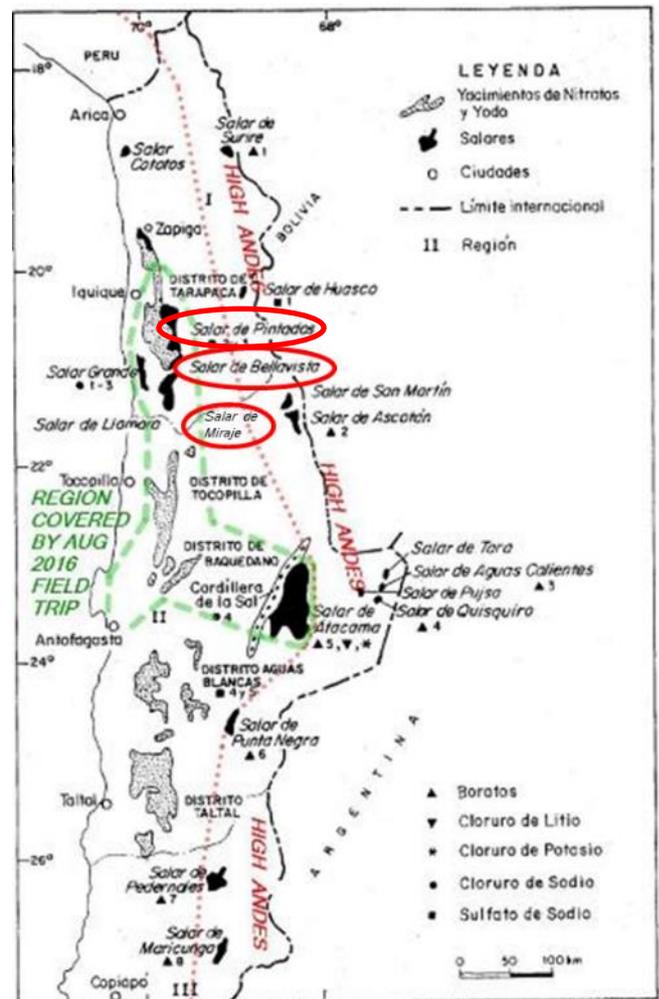
Speciality Metals International Limited (ASX:SEI, Speciality Metals or the Company) is pleased to provide the following update regarding its lithium search in the Atacama region of Northern Chile.

As a result of the Company's sampling program in January 2018, SEI has identified a new style of lithium target to pursue in addition to its very promising lithium brine targets in Salar de Pintados and Salar Bellavista. The Company's Geological Team is travelling to Chile with the intention of approving new exploration concession applications that will extend SEI's footprint in Northern Chile. Also, the team will be interviewing drilling contractors and assessing their availability and drilling technology to safely test the Company's existing brine targets.

The current assumption most favoured by geologists is that lithium brines in rift-associated closed basins, such as Salar de Atacama to the south east of Salar de Bellavista, is likely to have derived from the leaching of acid (silica-rich) volcanics adjacent to the closed basins. In this respect, Salars de Pintados and Bellavista, in which SEI has a total of 20 exploration concessions covering 60km², are adjacent to and just west of the volcanic field that constitutes the altiplano in north eastern Chile that have historically received the drainage from this field. This configuration is similar to that of the salars elsewhere in South America including those in Argentina and Bolivia that are known hosts to lithium brines.

The advantage of the discovery of any brines in SEI's target salars is that they are at a lower topographic level (~1000m above sea level) than the producing salars in Chile and Argentina, which occur at elevations >2400m. The SEI targets are in a more favourable position for year-round concentration of lithium by evaporation in ponds and also the SEI targets are traversed by the Pan-American Highway and are much closer to the ports on the Pacific Coast.

The anticipated host to any lithium brines in SEI's target areas is the Tertiary Rio Loa Formation. The sedimentary rocks that dominate the Rio Loa Formation are carbonates (limestones and dolomites) but include lenses of unconsolidated sands and gravels that are anticipated to be excellent reservoirs for the production of brines. However, SEI has been meticulous in its approach to the selection of a drilling method to ensure both sampling accuracy and the safe management of subsurface hydrological and geological conditions.



Summary map of Northern Chile, showing location of Salars de Mirajé, Bellavista & Pintados

Executive Chairman of Speciality Metals, Mr Russell Krause stated:

“The Board are extremely encouraged by the new-style lithium targets identified by the Company’s Geological Team and are hopeful that further evaluation and exploration will result in applications being lodged for exploration concessions over the areas in question. Further details will be released in the coming weeks.”

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 has expanded its exploration portfolio to include the following diversified projects:

- Lithium and other valuable mineral resources such as potassium, iodine and boron contained in 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 Petersens Lode Exploration Permits.

The Company 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