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LU7 – PROCUREMENT STRATEGY FOR BÉCANCOUR LITHIUM REFINERY

Highlights

- Procurement strategy for the Bécancour Lithium Refinery
- “Same equipment, same supplier” strategy
- Board visits Hatch Ltd’s Shanghai procurement office
- Proven equipment and dealing with the same suppliers fast-tracks engineering
- Alternative suppliers closer to Canada will be used if suppliers don’t exist anymore
- Jiangsu used 60-70% of Chinese top-quality suppliers
- Lesser lead times and lower capital costs are a target for Bécancour
- Kiln will be fabricated in China and shipped to Canada

Lithium Universe Limited (referred to as "Lithium Universe" or the "Company," ASX: "LU7") is pleased to announce that the Company’s key lithium Board members and CEO visited Hatch Ltd’s (Hatch) Shanghai procurement office to establish the procurement strategy for the Bécancour Lithium Project.

Lithium Universe aims to replicate the procurement success in Jiangsu at the Bécancour Lithium Refinery in Québec. Jiangsu had 60-70% of its plant supplied by top-quality Chinese suppliers, with the remainder coming from worldwide suppliers. By implementing rigorous quality control measures at the supplier’s manufacturing site, Galaxy was able to achieve top-quality equipment that aligned with international engineering standards.

Local fabricators have been servicing the Chinese lithium refinery industry for the last 15 years and key suppliers utilised for the Jiangsu project have become the backbone of the rapid expansion across the country. These same key suppliers utilised by the Galaxy team are well-known, reliable, and provide a known quality product. It is critical for Lithium Universe to reduce the number of unknowns when planning the construction of the Bécancour Refinery and partner with vendors who have a proven track record of delivery of specific plant and equipment.

For Lithium Universe to be competitive and to build cost-effective lithium refineries, LU7 will be using the “same equipment, same supplier” procurement strategy. Firstly, utilising proven equipment designs, there will be reduced engineering work required for the Definitive Feasibility Study (DFS). Secondly, with the “same supplier” strategy, LU7 can tap into the original supplier’s design and construction experience, minimising the cost and time associated with repeated detailed engineering.



Photo 1 – LU7 and Hatch Meeting in Shanghai

Another key advantage is that the preferred suppliers will be able to provide LU7 with accurate quotations, as opposed to budget numbers. Alternative suppliers closer to Canada will be used if the original suppliers are no longer in business. Key Board members and the CEO reinforced this procurement strategy, design, and logistics with the Hatch procurement office in Shanghai last month. In addition, LU7 met with the key equipment providers in Shanghai to finalise the design for Bécancour. In this instance, the kiln will be fabricated in China and shipped to Canada for installation. Using proven equipment from proven suppliers, this process aims to fast-track the DFS process.

Another advantage of utilizing established offshore suppliers is the mitigation of potential scheduling disruptions caused by the increased demand for construction materials and highly skilled tradespeople. This surge in demand is anticipated due to the numerous battery supply chain projects scheduled for construction over the next four years in Canada.

Lithium Universe is dedicated to bridging the lithium conversion gap in North America while supporting both provincial and federal governments in restoring the battery supply chain in Canada. The company's objective is to collaborate with local Canadian suppliers, providing training and facilitating knowledge transfer while utilising the Bécancour Refinery as a blueprint for replication elsewhere in North America.

Chairman Iggy Tan said *“A key aspect of our approach is to utilize equipment and top quality suppliers that we have used before. By sticking with what works, we aim to expedite the engineering process and ensure seamless coordination among all parties involved.”*

Building on the successes of past projects, such as Jiangsu where 60-70% of our suppliers were Chinese, we are confident in our ability to manage quality while optimizing efficiency. By fostering strong partnerships and implementing rigorous quality control measures, we are well-equipped to deliver a quicker, cheaper, and more reliable project. One of the most significant advantages of our approach is the reduction in lead times, allowing us to execute tasks with greater speed and precision”.

- Ends -

Lithium Universe Interactive Investor Hub

Engage with Lithium Universe directly by asking questions, watching video summaries and seeing what other shareholders have to say about this, as well as past announcements, at our Investor Hub <https://investorhub.lithiumuniverse.com/>

Authorisation

Authorised by Iggy Tan, Executive Chairman of Lithium Universe Limited.

For more information, please contact:

Alex Hanly

Chief Executive Officer
Lithium Universe Limited
Email: info@lithiumuniverse.com

Iggy Tan

Chairman
Lithium Universe Limited
Email: info@lithiumuniverse.com

Forward-looking Statements

The Company wishes to remind investors that the presence of pegmatite does not necessarily equate to spodumene mineralization. Also that the presence of pegmatite and spodumene mineralization on nearby tenements does not necessarily equate to the occurrence on Lithium Universe Limited's tenements. This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

ABOUT LITHIUM UNIVERSE LIMITED (ASX:LU7)

Lithium Universe has two distinctive operations that encompass its business objectives.

(a) Lithium Exploration

LU7 seeks to establish itself as a prominent lithium project builder by prioritizing swift and successful development of lithium projects. Instead of exploring for the sake of exploration, LU7's mission is to quickly obtain a resource and construct a spodumene-producing mine in Québec, Canada. Unlike many other lithium exploration companies, LU7 possesses the essential expertise and skill to develop and construct profitable projects. Additionally, LU7 has access to significant Lithium opportunities in Tier 1 mining jurisdictions in Canada and Australia.

(b) Lithium Conversion

LU7 is dedicated to closing the 'Lithium Conversion Gap' in North America, by developing a mine-to-battery-grade lithium carbonate strategy in Québec, Canada. LU7's mission is to support the supply chain needs of original equipment manufacturers (OEMs), particularly in the automotive sector, by converting spodumene supply into lithium chemicals for EV battery plants North America.

Our business model focuses on converting spodumene supplies under "take or pay" agreements with OEMs. These agreements include protective pricing mechanisms, such as floor and ceiling prices, to ensure stable margins and mitigate market volatility. This approach guarantees our LU7 refinery's payback while providing OEMs with a reliable and sustainable supply of lithium chemicals.

THE LITHIUM CONVERSION GAP

North America anticipates a surge in battery manufacturing, with over 20 major manufacturers planning to deploy an estimated 1,000GW of battery capacity. The Company estimates that 850,000t of LCE per annum will be required to satisfy demand in North America by 2028.

Spodumene concentrate needs to be converted to battery-grade lithium carbonate or hydroxide to be used in the production of cathode materials for lithium batteries. Currently, there are no operational converters in North America and the Company estimates only 100,000t of LCE hard rock converters are slated for construction in the region by 2028. The region seeks to decrease dependence on Chinese lithium converters, aligning with both commercial and national security goals to onshore the lithium battery supply chain in North America.



PROVEN LITHIUM EXPERTISE

The Company is comprised of lithium industry leaders known as the 'Lithium Dream Team', who are known for rapidly developing and operating hard rock lithium extraction and downstream operations across Australia and China. The Company's Chairman, Iggy Tan, is considered a pioneer in the modern lithium industry; spearheading Galaxy Resources, Iggy Tan built the first large-scale vertically integrated mine-to-refinery project including the 1 million tpa Mt Cattlin Spodumene Project and the downstream 17,000 tpa Jiangsu Lithium Carbonate Refinery. Patrick Scallan, Director, is a seasoned veteran of the lithium industry with over 25 years of managing the world-class Greenbushes Mine including production expansion from 200ktpa to 1.4mtpa during his tenure. Dr Jingyuan Liu is a world-leading technical expert in downstream lithium processing having consulted for over 25 different refinery operations over the world having previously managed the construction and commissioning of the Jiangsu Lithium Refinery for Galaxy.



Mr Terry Stark, who previously served as the General Manager of Operations for both Mt Cattlin and James Bay projects; Mr Roger Pover, with extensive experience as Plant Manager at Greenbushes and Mt Cattlin. John Loxton, who was involved in the construction of the Jiangsu Lithium

Carbonate Plant for Hatch Engineering and John Sobolewski, former CFO and Co Sec of Galaxy Resources, assumes the role of Chief Financial Officer at Lithium Universe.

PROVEN LITHIUM TECHNOLOGY

The Jiangsu Lithium Carbonate Plant, initially designed to produce 17,000 tpa of battery-grade lithium carbonate, has set a global benchmark for lithium refineries by incorporating advanced Western continuous process control techniques. The plant has surpassed its design capacity, now producing 20,000 tpa of high-quality battery-grade lithium carbonate. Remarkably, it achieved steady-state quality within two years of groundbreaking. Building on this success, Lithium Universe plans to replicate the Jiangsu plant's design, utilizing the same suppliers, equipment, and engineering firm to mitigate risks. Hatch Limited, the engineering company behind the original Jiangsu plant, has been contracted to conduct the Definitive Feasibility Study (DFS) for the Company's Bécancour Lithium Refinery.