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# LU7 PARTNERS WITH QUEBEC CHEMICAL LOGISTICS SUPPLY COMPANY

## Highlights

- Strategic local chemical logistics partnership with Servitank
- Single logistics supplier capable of sourcing multiple process chemicals
- Reliable delivery of critical chemical inputs to Bécancour Lithium Refinery
- Investigation of secondary product management and sales
- Proven experience in spodumene logistics and storage

Lithium Universe Limited (referred to as "Lithium Universe" or the "Company," ASX: "LU7") is pleased to announce the signing of a Memorandum of Understanding (MOU) to partner on logistics of essential chemical products for Lithium Universe's Bécancour Lithium Refinery operations.

## About Servitank, a subsidiary of Groupe Somavrac

Servitank, a local, Quebec-based Company, specializes in optimizing supply chain processes and logistics solutions across various industries, including chemicals and raw materials. With a strong focus on multimodal handling, Servitank employs innovative strategies to save time and reduce costs for its clients. The parent company has extensive experience in the Bécancour and Trois-Rivières areas, having successfully managed logistics and moisture control for key players in the lithium sector in North America.



Figure 1: Groupe Somavrac dry and liquid bulk storage facilities at Bécancour and Trois-Rivières

## Key Elements of MOU

This partnership aims to optimize supply chain processes and enhance the operational efficiency of both companies in the rapidly growing lithium sector. Under the MOU, Servitank will seek to leverage its expertise in supply chain management and multimodal logistics to support Lithium Universe's project: the development of the Bécancour Lithium Refinery, projected to produce 18,270 tonnes per annum of green battery-grade lithium carbonate. While this MOU outlines the framework for partnership, it remains a non-binding document, paving the way for detailed discussions and the eventual drafting of definitive agreements.

## Chemical Supply and Logistics

Servitank is currently evaluating various storage solutions at their Bécancour Port terminal, which may facilitate the efficient trucking logistics required to deliver key liquid chemicals directly to Lithium Universe's operational site. Additionally, Servitank will investigate the process of constructing dedicated storage tanks for specific process reagents, positioning itself to supply critical chemicals directly to Lithium Universe and others within the Bécancour Industrial Park. Additionally, Servitank will actively assist in exploring procurement options within the local areas for other dry bulk reagents to meet Lithium Universe's specific operational requirements.

To ensure a steady supply of readily available reagents, arrangements will be made for direct delivery from established suppliers, further securing the necessary materials for production. Servitank will also assist in investigating sourcing specialty reagents from within the Bécancour Industrial Park to promote the immediate circular economy within the park and reduce freight costs from other areas of Québec.

## Secondary Product Management

Both parties will investigate storage opportunities and potential partnerships with cement companies within sister companies of Servitank in Groupe Somavrac's client base. This investigation aims to effectively utilize Lithium Universe's alumina silicate by-products, enhancing sustainability and resource management. Furthermore, the two companies will assess storage requirements for sodium sulphate, considering its potential placement within the pulp and paper industry in North America.

## Logistics and Storage Solutions:

Servitank's facilities in Bécancour will play a crucial role in the storage and transportation of spodumene. The partnership will ensure the logistics and handling of spodumene sourced from transatlantic suppliers is managed efficiently. Servitank's sister company, Somavrac, will also provide access to advanced bagging machinery and bulk storage solutions at its Trois-Rivières location, optimizing operational efficiency and supporting the needs of the refinery.

Iggy Tan, Chairman of Lithium Universe Limited, added, *"This partnership with Servitank is a significant step towards realizing our vision for the Bécancour Lithium Refinery. We are particularly focused on identifying a single logistic supplier capable of supporting us in sourcing most of our chemical reagents, which will simplify our supply chain and enhance operational efficiency. Together, we aim to bridge the lithium conversion gap and ensure a robust and responsible supply chain."*

-End-

Authorised by the Chairman of Lithium Universe Limited



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**Forward-looking Statements**

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 of 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 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**

Lithium Universe is on a mission to close the 'Lithium Conversion Gap' in North America by developing a green battery-grade lithium carbonate refinery in Québec, Canada. Our primary focus is on supporting the supply chain needs of original equipment manufacturers (OEMs), particularly in the automotive sector, by converting spodumene supply into essential lithium chemicals for electric vehicle (EV) battery plants.

## **THE LITHIUM CONVERSION GAP**

As North America anticipates a significant increase in battery manufacturing—over 20 major manufacturers planning to deploy an estimated 1,000GW of battery capacity by 2028—the demand for lithium is projected to reach approximately 850,000 tonnes of lithium carbonate equivalent (LCE) per annum. Currently, there are no operational converters in North America, with only 100,000t of LCE hard rock converters slated for construction by 2028. Our strategic approach aligns with national security goals to reduce dependence on Chinese lithium converters and onshore the lithium battery supply chain.



## **PROVEN LITHIUM TECHNOLOGY**

Our Bécancour refinery will utilize the proven technology developed at the Jiangsu Lithium Carbonate Plant, which has set a global benchmark for lithium refineries. By leveraging this established technology, we aim to produce up to 18,270 tonnes/year of green battery-grade lithium carbonate, focusing initially on lithium carbonate production for LFP batteries. Our design employs a smaller, off-the-shelf plant model, ensuring ease of operation and implementation.

## **PROVEN LITHIUM EXPERTISE**

Lithium Universe boasts a team of industry leaders known for expedient and quality lithium project delivery and operation. Chairman, Iggy Tan, a pioneer in the lithium industry, previously led Galaxy Resources to establish the first large-scale vertically integrated mine-to-refinery project. Other key figures include Patrick Scallan, who expanded production at the world-class Greenbushes Mine, and Dr. Jingyuan Liu, a technical expert in downstream lithium processing having worked on over 20 lithium converters worldwide. Their combined experience positions us to execute our strategy effectively.

## **THE LITHIUM UNIVERSE STRATEGY**

Our positive and robust Bécancour Refinery Pre-Feasibility Study (PFS) demonstrates economic viability even in a low pricing environment. We maintain a counter-cyclical strategy, building projects through the cycle. This positions us to effectively close the Lithium Conversion Gap while maintaining exposure to the inevitable lithium price recovery given the strong worldwide lithium demand.

## **PRELIMINARY FEASIBILITY STUDY**

Our financial projections are promising, with an estimated pre-tax NPV (8%) of approximately US\$779 million and an internal rate of return (IRR) of around 23.5%, with a payback period of 3.5 years. This is based on a conservative spodumene concentrate (SC6) price forecast of US\$1,170/t and a battery-grade lithium carbonate price of US\$20,970/t. Operating costs are projected at approximately US\$3,976/tonne, with a capital cost estimate of US\$494 million. We anticipate annual revenue of around US\$383 million and EBITDA of approximately US\$147 million, with break-even points of around US\$780/t (SC6) and US\$14,000/t for Li<sub>2</sub>CO<sub>3</sub>.