

Lithium Universe Ltd: Becancour Lithium Refinery - Preliminary Feasibility Study

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Melbourne, Australia - [Lithium Universe Ltd.](#) (ASX:LU7) (FRA:KU00) (OTCMKTS:LUVSF) is pleased to announce the results of its Preliminary Feasibility Study (PFS) for the Becancour Lithium Carbonate Refinery in Quebec, Canada. The PFS confirms the viability of a strong lithium conversion project, even within a below-average pricing environment.

Highlights

The Lithium Universe Strategy

- Positive, robust Becancour Refinery PFS even in low pricing environment
- LU7 has a counter cyclical strategy - develop project, ready for price recovery
- Closing the Lithium Conversion Gap - growth in resource and end market projects

The Financial Modelling

- Economically viable with excellent pre-tax NPV8% of approximately US\$779M
- IRR (pre-tax) of approximately 23.5% and payback of 3.5 years based on;
- Price forecast of US\$1,170/t SC6 and US\$20,970/t for battery grade Li₂CO₃
- Current spot price is approx. US\$775/t SC6 and US\$10,680/t for battery grade LC
- Operating costs at around US\$3,976/tonne; capital cost estimate of US\$494 million
- Expected annual revenue of approx US\$383 million and EBITDA of around US\$147 million
- Project break even at around US\$780 /t (SC6) and around US\$14,000 per tonne LC

The Design

- LU7 offers a solution to worldwide lithium conversion failures and startup problems
- Using proven Jiangsu Refinery operating technology and lithium industry experience
- Producing up to 18,270 tonnes/year of green battery-grade lithium carbonate
- Smaller off-the-shelf style plant rather than large difficult-to-operate facilities
- Initial focus on lithium carbonate production - feed for LFP batteries
- Assumptions based on real operating data and experience - not new aspirant

The Location

- Quebec ideal trans-Atlantic lithium conversion centre, comparable to China
- Feedstock from Canada, Brazil and Africa - end market North America
- Critical cost benefits - cheap green power, transport mine/end market savings, US/Canada tariffs
- 95% GHG emission reduction with Hydro Quebec's green energy

Next Steps

- Offtake discussions with interested OEMs underway
- LU7 continues to progress full Definitive Feasibility Study

The Company plans to build a reliable, low-risk lithium conversion refinery with an annual capacity of up to 18,270 tonnes, utilizing proven expertise from the Jiangsu processing model. The facility will produce environmentally friendly, battery-grade lithium carbonate. The Company aims to establish a Canadian-based lithium chemicals business, purchasing spodumene feedstock from both domestic suppliers and international markets, including Brazil and Africa and producing a battery grade lithium carbonate product. This aligns with the Company's broader vision of contributing to the North Atlantic lithium supply chain and closing the Lithium Conversion Gap.

The project's economics are highly favourable, even with conservative price assumptions. The refinery is economically viable with a pre-tax Net Present Value (NPV) of approximately US\$779 million, using an 8% discount rate, and a pre-tax Internal Rate of Return (IRR) of around 23.5%. The payback period is estimated at 3.5 years. The financial model is built on cautious price forecasts of US\$1,170 per tonne for spodumene concentrate (SC6) and US\$20,970 per tonne for battery-grade lithium carbonate equivalent (LCE). LU7's directors believe they have a reasonable basis for using the assumed price in the study of US\$20,970 per tonne for battery grade lithium carbonate. Key operational assumptions include 86% plant availability and 88% lithium recovery. At full production capacity, the project is expected to generate approximately US\$383 million in annual revenue, with costs totalling around US\$236 million, leading to an annual EBITDA of approximately US\$147 million and a gross margin of in the region of 38%. Post-tax, the NPV at an 8% discount rate is estimated at approximately US\$501 million. The capital cost for the project is estimated at US\$494 million, which includes a contingency of US\$68 million. The capital cost estimate is based on advanced design specifications from the Jiangsu Lithium Refinery model, ensuring robust financial planning and projection. These factors highlight the project's strong financial viability, even under conservative pricing conditions.

MANAGEMENT COMMENT

Lithium Universe Chairman, Iggy Tan said "The successful completion of our Preliminary Feasibility Study is a significant milestone for the company, especially given that we only launched in August of last year. Early on, we recognized that bridging the lithium conversion gap in North America, leveraging our accumulated lithium expertise and the proven technology from Jiangsu, was a clear and strategic path forward."

"Our counter-cyclical strategy is centered on advancing projects during market downturns, allowing us to strategically position ourselves for growth as the market rebounds. We are dedicated to funding and constructing a proven, low-risk lithium conversion refinery in Quebec, marking the first step toward establishing Quebec as the lithium conversion hub for the Transatlantic region."

"The strong NPV and returns for the project indicate an economically viable project. We will be looking to secure strategic partners at the project level to help fund the project. There is significant interest from OEMs with spodumene offtake supply seeking conversion outside of China, and discussions are already underway. We are confident that the Becancour lithium refinery, with an annual capacity of 18,270 tonnes, will emerge as a leader in producing green, battery-grade lithium carbonate."

"The Company will advance quickly to complete a Definitive Feasibility Study and finalise offtake partnerships".

COUNTER CYCLICAL STRATEGY

Leveraging experience with cyclical movements in the lithium market, Lithium Universe utilizes a counter-cyclical strategy focused on developing projects during market downturns to strategically position itself as the market recovers. Although the recent oversupply of lithium has resulted in price declines, the Company remains confident in the strong long-term demand for lithium, driven by the growing electric vehicle (EV) and energy storage sectors. This ongoing demand underscores the need for continued investment in lithium mining and refining projects. LU7 believes that the current market conditions provide an optimal window for project development. With falling and depressed prices, less viable projects and weaker players have been cleared out of the market, leaving space for more robust and well-prepared companies. By advancing its Becancour Lithium Carbonate Refinery during this downturn, LU7 aims to be ready for a price recovery and capitalize on future growth, ensuring its place in the evolving lithium market.

Over the past four years, lithium prices have experienced significant fluctuations due to the expanding electric vehicle (EV) market and increased demand for energy storage. From 2020 to early 2022, prices surged as supply struggled to keep pace with demand driven by the global shift towards cleaner energy. By 2022, lithium carbonate and hydroxide prices had risen over 400%, influenced by COVID-19-related supply

disruptions. As of late 2023, prices have begun to stabilize due to new mining and refining projects. Although recent oversupply has led to price declines, long-term demand for lithium remains strong, necessitating continued investment in mining and refining.

The lithium market is currently undergoing a rebalancing phase due to oversupply and strategic production shutdowns by major producers. Companies and operations such as Core Lithium, Greenbushes JV, Mineral Resources, Albemarle's Kemerton and more recently, CATL's Yichun mine and Arcadium's Mt Cattlin have either slowed production or halted operations in response to recent price drops. Despite these supply adjustments, demand for lithium remains robust, particularly from growing EV sales in China. LU7 believes that prices are expected to recover to more sustainable levels over the next 12-18 months, although not reaching the unsustainable peaks of 2021-2022. This market rebalancing is essential for the sustainability of future lithium projects and the overall market. LU7's counter-cyclical strategy means developing a project during market downturns to benefit when the market recovers.

CLOSING THE LITHIUM CONVERSION GAP

Currently, over 90% of global LFP battery manufacturing is concentrated in China, but North America is rapidly expanding its capacity. Ford plans to build a \$3.5 billion factory in Michigan with an annual capacity of 35 gigawatt-hours (GWh) by 2026, while Tesla is developing a facility in Nevada with a 10 GWh capacity focused on improving charging speed and energy density. LG Energy Solutions is investing \$5.6 billion in Arizona to produce LFPs for energy storage systems and EVs.

By 2028, North America is expected to add nearly 1,000 GWh of battery manufacturing capacity, supporting the production of 10 to 13 million electric vehicles annually. Key states like Georgia, Kentucky, and Michigan will lead this growth. Canada is also investing in the sector, with partnerships from Volkswagen, Stellantis, and others, helping to secure its position in the global automotive market and meet the rising demand for EVs.

The Company estimates that 850,000t of LCE per annum will be required to satisfy demand in North America by 2028.

*To view the full details of the announcement, please visit:
<https://abnnewswire.net/Ink/WY641GJW>

About Lithium Universe Ltd:

Lithium Universe Ltd (ASX:LU7) (FRA:KU00) (OTCMKTS:LUVSF), headed by industry trail blazer, Iggy Tan, and the Lithium Universe team has a proven track record of fast-tracking lithium projects, demonstrated by the successful development of the Mt Cattlin spodumene project for [Galaxy Resources Ltd.](#)

Instead of exploring for the sake of exploration, Lithium Universe's mission is to quickly obtain a resource and construct a spodumene-producing mine in Quebec, Canada. Unlike many other Lithium exploration companies, Lithium Universe possesses the essential expertise and skills to develop and construct profitable projects.

Source:
Lithium Universe Ltd

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