

7 September 2017

## Proposed Acquisition of Serbian Lithium Projects

### HIGHLIGHTS

- Agreement to acquire 100% of Centralist Pty Ltd
- 5 Exploration Licences in Serbia (emerging lithium producing country)
- 2 Licences close to Rio Tinto's world class Jadar lithium borate discovery
- Strategically placed for European manufacturers using lithium

South East Asia Resources Limited (Proposed to be renamed Jadar Lithium Limited) (Subject to Deed of Company Arrangement) (ASX: SXI) (**Company**) is pleased to announce that it has entered into a conditional binding agreement to acquire 100% of the issued capital of Centralist Pty Ltd (**Centralist**), (**Acquisition**).

As a result of the Acquisition, the existing deed of company arrangement will be effectuated and the Company will acquire a 100% interest in an exploration tenement portfolio comprising five exploration licences covering approximately 329 square kilometres in the Republic of Serbia prospective for lithium.

The Board believes that the proposed Acquisition offers the Company an opportunity to focus on mineral exploration and development, in particular lithium, which has the potential to deliver growth to the Company for the benefit of Shareholders.

Serbia is rapidly emerging as an underexplored but very fertile lithium/REE bearing country. Serbia is the only current known source of Jadarite, a new lithium-borate bearing mineral ( $\text{LiNaB}_3\text{SiO}_7(\text{OH})$ ) discovered in 2004 by Rio Sava, a wholly owned subsidiary of Rio Tinto. Rio Tinto's world class Jadar lithium ( $\text{Li}_2\text{O}$ ) borate ( $\text{B}_2\text{O}_3$ ) discovery in Serbia is 135.7 million tonnes with a weighted average concentration of 1.86%  $\text{Li}_2\text{O}$  and 15.4%  $\text{B}_2\text{O}_3$  (Indicated and Inferred Resource) (one of the largest lithium deposits in the world).

Two of the identified exploration licences are strategically located, being ~10km north and the another being ~90km east-southeast of Rio Tinto's significant Serbian project.

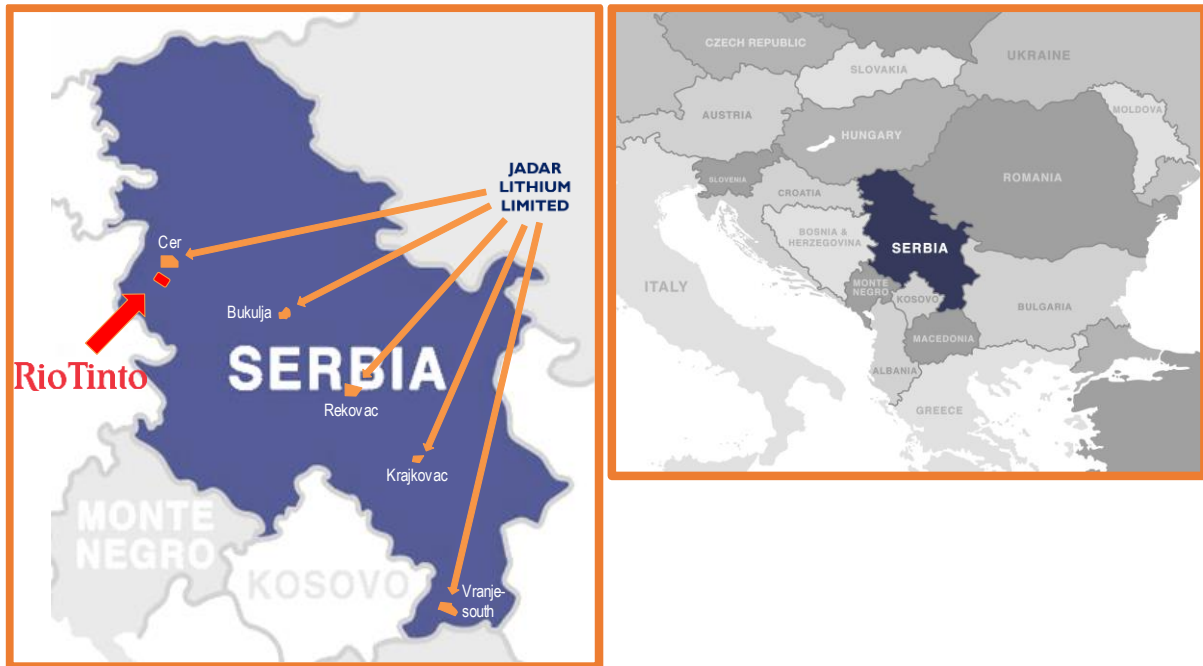


Figure 1: Project location map.

The Serbian lithium projects are “greenfields” exploration project areas covering regions that are considered prospective for lithium and other pegmatite hosted minerals. There has been no recent geological exploration for these minerals by any public companies or any mine production on any of the project areas.

Additionally, these projects are strategically placed for European manufacturers using lithium, being just a nine (9) hour drive from the industrial heartland of Germany.

Serbia has excellent infrastructure with road, rail and river transport options available. All utilities are immediately accessible (electricity, gas, telecommunications) throughout much of the country.

At Completion, the Company will look to target two different styles of lithium mineralisation:

- (a) Granite complexes with associated pegmatite and greisen mineralisation.

Pegmatites and greisens are prospective for mineralisation as they are the last fluids of granite crystallization that tend to concentrate elements such as lithium, tin, tungsten, molybdenum and fluorine, as well as occasionally precious metals such as gold, silver and copper.

- (b) Jadar Style sedimentary sequences in buried lake basins containing extensive hydrothermal lithium-borate mineralised zones.

The Rio Tinto Borates' Jadar deposit, a world-class lithium-borate resource, is hosted by this style of mineralisation with Jadar ranked as one of the largest lithium deposits in the world.

These basins are typically comprised of clay-carbonate rocks, sandstones and argillaceous rocks formed in a volcano-tectonic depression during the Oligocene and Early Miocene.

The Serbian lithium projects cover areas with potential for the discovery of lithium and boron and other granite/greisen/pegmatite mineralisation and Jadarite deposits in the Miocene sediments in these under-explored tenements. However, it is important to note that none of these “greenfields” tenements have undergone modern systemic exploration for these commodities with only regional scale geology mapping carried out to date.

## Change of board

At completion of the Acquisition, the Mr Jakob Tsaban and Mr Wayne Knight will resign as directors of the Company and Mr Luke Martino and Mr Nicolas Sage are proposed to be appointed directors of the Company.

## Change of Activities & Timetable

Completion of the Acquisition is subject to conditions precedent including SXI obtaining all required regulatory and shareholder approvals to affect the transaction.

The Company confirms that the proposed Acquisition has triggered the application of Listing Rule 11.1.3 and the Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

SXI proposes to convene a General Meeting of Shareholders on Friday, 6 October 2017 to obtain necessary shareholder approvals including to the transaction, the issue of shares and the issue of various capital raising shares and options.

An indicative timetable for completion of the proposed Acquisition and re-compliance is set out in the notice of general meeting which follows this announcement.

## Capital Raising

In conjunction with the Acquisition, in order to re-comply with the requirements of Chapters 1 & 2 of the ASX Listing Rules, SXI will seek to raise up to \$5,000,000 at \$0.02 per share pursuant to a full form prospectus prepared in accordance with the requirements of the Corporations Act.

## Indicative capital structure

The indicative effect of the Acquisition on the capital structure of the Company is as follows:

Description	Shares	Options*
Current issued capital	917,956,577	455,000,000**
Issue of Shares on Conversion of Convertible Notes and Loans (as approved by shareholder on 31 July 2017)	22,649,005	-
Issue of Shares as part of share placement (as approved by Shareholders on 31 July 2017)	850,000,000	850,000,000**
<b>Subtotal (pre-consolidation)</b>	<b>1,790,605,582</b>	<b>1,305,000,000</b>
<b>Subtotal (post-consolidation)</b>	<b>89,530,279</b>	<b>65,250,000</b>
Securities to be issued pursuant to the Acquisition	37,500,000	-
Securities to be issued to Corporate Consultants	12,500,000	5,000,000
Issue of Shares under Prospectus	250,000,000	-
<b>Total (Post-consolidation)</b>	<b>389,530,279</b>	<b>70,250,000</b>

\* Post consolidation, Options will have an exercise price of \$0.02 and an expiry date of three years from issue. \*\* Issue of options is subject to Shareholder approval.

## Further Information

Details of the proposed Acquisition, including a description of the tenement portfolio, an independent geologist report, a summary of the various acquisition agreements, details of the various securities to be issued as part of the Acquisition and proposed board changes are as set out in more detail in the Company's notice of general meeting, lodged with ASX together with this announcement.

ENDS