

ASX Announcement
13 December 2021

ASX Code: **MLS**

BINDING AGREEMENT TO FARM-OUT NEPEAN SOUTH NICKEL PROJECT

Metals Australia Ltd (**ASX:MLS, “Metals” or “Company”**) announces that an agreement has been executed with Sabre Resources Ltd (**ASX:SBR, “Sabre”**) for it to fund exploration and farm-in to the Nepean South Nickel Project.

The Nepean South Farm-in and Joint Venture Agreement (**“Nepean South Agreement”**) provides that Sabre will pay \$40,000 cash to Metals on signing, then earn an 80% interest by spending \$200,000 on exploration within 5 years (including spending \$40,000 within the first year). Upon Sabre earning 80%, Metals will hold 20% and an additional payment of \$70,000 must be made to Metals before a contributing joint venture is formed (detailed terms in Appendix 1).

Sabre plans to rapidly advance detailed ground magnetics and EM to assist drill-targeting for massive nickel sulphides, including RC drilling underneath existing known mineralised zones e.g. 6m @ 1.84% Ni and 0.02% Cu from 18m in NRB0482¹.

Commenting on the Nepean South Agreement, Metals Australia Director, Gino D’Anna stated:

“Metals is pleased to have signed the Nepean South Agreement with Sabre, who are focused on advancing nickel sulphide exploration and development projects in WA. Sabre plans to carry out key geophysical programs and drilling at Nepean South, which will expose Metals to exploration upside at no cost while the Company advances its key battery minerals projects.

“The Nepean South Agreement provides for cash payments totaling \$110,000 to Metals on completion of earn-in, which exceeds the purchase price of the tenement to Metals, and in addition leaves Metals with a 20% residual interest in the tenement while Sabre funds all the exploration.”

This announcement was authorised for release by the Board of Directors.

*****ENDS*****

For further information, please refer to the Company’s website or contact:

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About Metals Australia

Metals Australia is also actively exploring a number of highly prospective base metal, precious metal and battery metal projects within Australia and Quebec, Canada.

Manindi Project

The Manindi Project is located in the Murchison District of Western Australia in close proximity to the Golden Grove Mine and the Youanmi Gold Mine. The Project includes three granted mining leases in the fertile Youanmi Igneous geological complex, located approximately 20 km southwest of the Youanmi Gold Mine in the Murchison District of Western Australia.

Previous work in 2018 identified lithium bearing pegmatites at Mulgara zinc prospect that produced intersections up to 15m @ 1.2% Li₂O, 117 Ta₂O₅ from 34m with up to 2.14% Li₂O in previous diamond drillhole, MND0181².

Subsequently, limited drilling of the three initially identified pegmatites in 2018 produced significant intersections of lithium and tantalum mineralisation³. Further High-grade rockchip sampling of a newly discovered, Foundation pegmatite, included 1.25% Li₂O, 126 ppm Ta₂O₅ and 155ppm Cs₂O⁴, indicating that the Foundation pegmatite is potentially a major new LCT pegmatite discovery. The next phase of exploration will include a detailed rockchip sampling campaign across the pegmatites already discovered, together with a review of geophysics. Further RC and diamond drilling is planned for early next year.

The Manindi Zinc Deposit hosts a JORC 2012 Mineral Resource of 1.08Mt @ 6.52% Zn for 70,102t Zn (2% Zn cut-off)⁵ A number of other target zones remain to be tested adjacent and close to the existing resource. Drilling to date has been limited to a depth of approximately 250m.

Lac Rainy Graphite Project

The Lac Rainy Graphite Project is located in Quebec, Canada, in close proximity to the operating mines around Fermont and is 100% owned by Metals Australia. In 2020, Metals Australia completed a Phase 1 Scoping Study highlighting the significant economic attractiveness of the Lac Rainy project. The design basis was the production of a high-grade, high-purity and high-total carbon graphite⁶.

The Company is currently undertaking an advanced stage of metallurgical testwork designed to improve the mesh size distribution across the large and jumbo flake sizes which is anticipated to have a material effect on the pricing environment and the economics of the Lac Rainy project. In addition, the metallurgical testwork is anticipated to show improvements in overall plant size, design and operation due to the optimised flowsheet which has the potential to reduce overall OPEX and CAPEX. These results will directly feed into the Phase 2 Scoping Study, transitioning to a Pre-Feasibility Study. Finally, the Company is also advancing its discussions with key North American and European partners to complete down-stream product testing including purified-micronised graphite, graphite foil, expandable graphite and spheronized graphite.

Eade-Felicie-Pontois Copper-Gold-Polymetallic Projects

The Eade-Felicie-Pontois Copper-Gold-Polymetallic Projects are located in northern Quebec, Canada in the Lac Grande Greenstone Belt along strike of Midland Exploration Inc. (TSX: MD). The Company has recently completed and received the results of a project wide EM-TDEM survey which complements the previous field work and ASTER satellite and remote sensing work that has been completed. The results of the EM-TDEM survey have confirmed previous areas of significant mineralisation which have been field tested but, importantly, have also identified additional areas of high priority which are yet to be field tested across the extensive 15km strike. The Company is currently preparing and planning a field program based around these high priority target areas and based on these results will finalise plans for an initial drilling campaign.

Lac du Marcheur Copper-Cobalt Project

The Lac du Marcheur Copper-Cobalt Project is located in central Quebec, Canada in close proximity to the Chilton Copper-Cobalt project. An initial field program was undertaken by the Company in 2017 which confirmed the historical high-grade copper and cobalt occurrences and prospects on surface. The Company has completed an airborne EM-TDEM survey and is expected to have the results shortly.

Nepean South Nickel Project

The Nepean South Nickel Project is located near Coolgardie in Western Australia, south of and along strike of the historic Nepean nickel sulphide mine - a Kambalda style nickel sulphide project, currently 80% owned by Auroch Minerals Limited (ASX:AOU). Nepean South Nickel Project is considered both highly prospective and underexplored for both gold and nickel, with historic RAB drilling completed to only very shallow depths on average only 42m from surface, and with many holes drilled at even shallower depths.

References

- ¹ Metals Australia Ltd, 3 March 2021. Metals Australia to Acquire Nepean South Nickel Project, Western Australia.
- ² Metals Australia Ltd, 21 March 2017. High grade lithium bearing pegmatites discovered at Manindi.
- ³ Metals Australia Ltd, 24 July 2018. Results of RC percussion drilling program at Manindi Lithium Project.
- ⁴ Metals Australia Ltd, 20 October 2021. Lithium Pegmatite Corridor Extended to Over 3km at Manindi.
- ⁵ Metals Australia Ltd, 12 January 2017. Metals Australia commences drilling at Greenfield and Resource Extension Targets at Manindi Zinc Deposit.
- ⁶ Metals Australia Ltd, 3 February 2021. Lac Rainy Graphite Study delivers strong economics with Significant Economic upside.

Cautionary Statement regarding Forward-Looking information

This document contains forward-looking statements concerning Metals Australia. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of Metals Australia Ltd as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Competent Person Statement

The information in this report that relates to exploration results has been reviewed, compiled and fairly represented by Mr Nick Burn. Mr Burn is the Exploration Manager of Metals Australia Limited and a member of the AIG. Mr Burn has sufficient experience relevant to the style of mineralisation and type of deposits under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee ('JORC') Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Burn consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Appendix 1: Significant Terms of the Nepean South Farm-in and Joint Venture Agreement

1. The parties to the Nepean South Agreement are Sabre Resources Ltd (“Sabre”) and Metals Australia Limited (“Metals”)
2. A \$40,000 cash payment to Metals on signing the Nepean South Agreement.
3. \$200,000 expenditure on exploration within 5 years to earn an 80% interest, including a minimum expenditure of \$40,000 in Year 1, prior to withdrawal.
4. Upon Sabre earning 80% Sabre must pay Metals Australia a further payment of \$70,000. Sabre will then hold 80% and Metals hold 20% in a contributing joint venture.
5. Normal dilution terms apply.
6. At 5% diluted interest the interest of Metals reverts to a Net Smelter Royalty (NSR) of 0.5% of nickel (Ni) mined and produced from the tenement.
7. Mutual rights of first refusal to apply