

20 December 2016

Mr Chris Bailey
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

Dear Mr Bailey

Aware Query

I refer to your letter of 19 December, subject as above, and advise in relation to the questions asked:

(1) No.

(2) The information released on 14 December 2016 (the Current Announcement) contains only information previously released. The information in the Current Announcement was derived from information contained in the following three announcements:

- 24 March 2015
- 7 April 2015
- 17 April 2015

The three above announcements were prepared by Luke Marshall who was a former consultant to the Company. The Company has only recently appointed a new consultant to replace Mr Marshall. The new consultant, Mr Dean Goodwin, in accordance with normal practice, reviewed the existing data.

After renewing the data, Mr Goodwin came to the same conclusions that Mr Marshall had reached in 2015. In view of the extended period of time since any meaningful information had been released on the Manindi tenements, it was decided to effectively recompile the three above announcements into one composite announcement. We do not believe that there is any new market sensitive information in the Current Announcement.

What is more, our announcement of 13 December 2016 in answer to your price query stated that a drilling program was being planned for early 2017. In addition, on the following day, 14 December, the Company announced that it would commence a drilling program “within the next two months.” The drilling program had also been previously



foreshadowed when the Company announced, as a basis for its capital raising, that it intended to spend part of the money raised on its Manindi project.

In the three 2015 announcements listed above, it was clearly stated that the targets outlined in the announcement would be drill tested. This drill testing would have taken place sooner if sufficient capital had been raised. Once capital had been raised it became possible to proceed with plans for the drilling program.

Any “reasonable person” would have been aware that any planned drilling program would be based on a review of all available geological and geophysical data available to the Company.

(3) Not applicable.

(4) Not applicable.

(5) I confirm that MLS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

(6) I confirm that the responses above have been authorised in accordance with our published continuous disclosure policy.

Yours sincerely

<Sent electronically without signature>

Norman Grafton
Company Secretary
Metals Australia Ltd



19 December 2016

Mr Norman Grafton
Metals Australia Limited
First Floor, 8 Parliament Place
West Perth WA 6005

By Email

Dear Mr Grafton

Metals Australia Limited ("MLS"): ASX Aware Query

ASX Limited ("ASX") refers to the following:

- A. The change in the price of MLS' securities from a closing price of \$0.003 on Friday 9 December 2016 to an intra-day high of \$0.006 on Monday 12 December 2016, and the increase in the trading volume of MLS' securities over that period.
- B. The price query letter issued to MLS by ASX at 11:45am AWST on Monday 12 December 2016 following the change in the price of MLS' securities, and the price query response from MLS released on the ASX Market Announcements Platform at 06:47am AWST on Wednesday 14 December 2016. In answer to the question

"Is MLS aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?"

MLS responded

"[MLS] is unaware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of [MLS]."

- C. MLS' announcement entitled "Acceleration of Exploration Activities at Manindi Zinc Proje" [sic] released on the ASX Market Announcements Platform at 08:15am AWST on Wednesday 14 December 2016 (the "Announcement"), disclosing that MLS has completed a technical review of certain targets at the Manindi Zinc Project and drilling was to commence in the next two months to test high priority resource extension and greenfield targets.
- D. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into

possession of the information in the course of the performance of their duties as an officer of that entity”

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, ASX asks MLS to respond separately to each of the following questions and requests for information:

1. Does MLS consider the information in the announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. If the answer to question 1 is “yes”, when did MLS first become aware of the information?
4. If the answer to question 1 is “yes” and MLS first became aware of the information before the relevant date, did MLS make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MLS was obliged to release the

information under Listing Rules 3.1 and 3.1A and what steps MLS took to ensure that the information was released promptly and without delay.

5. Please confirm that MLS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that MLS' responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MLS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **10:00am AWST on Thursday 22 December 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MLS' securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MLS' obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail copying in TradingHaltsPerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MLS' obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MLS' obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MLS' securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Chris Bailey

Adviser, Listings Compliance (Perth)