

ASX Announcement

18 January 2017

Three Broad Lithium Mineralised Zones Confirmed at Lac La Motte

Highlights:

- Historic Quebec government stream sediment sampling has confirmed three broad zones of lithium mineralisation in three separate areas
 - An ongoing technical review of historic exploration data at MLS's Lac La Motte Lithium Project has uncovered a stream sediment sampling survey carried out by the Quebec Government in 1980. The survey highlighted three major zones of lithium mineralisation in three separate locations
 - The stream sediment highs are associated with areas of low cover and coincide with pegmatite surface exposures which are indicative of LCT (Lithium-Caesium-Tantalum) pegmatite mineralisation
 - Mineralised pegmatites at the Lac La Motte Lithium Project are oriented in a NW-SE direction and appear to be along strike of the Lac La Motte lithium occurrence and the Duval lithium deposit
 - MLS will undertake more detailed mapping and geophysical surveys to unveil further mineralised zones followed by a drilling campaign on the more prospective targets
 - The Lac La Motte Lithium Project is situated within the Abitibi Greenstone Belt, and is located less than 1 km from the Duval Lithium Deposit which contains an historic resource estimate of 75,000t @ 1.45 wt. % Li₂O (source: RG160; MERN) and less than 1 kilometre from the Lac La Motte Lithium occurrence
 - Global lithium markets remain buoyant with Morgan Stanley Research providing encouraging pricing forecasts citing that EV battery-driven supply tightness combined with elevated China spot pricing is set to boost contract pricing through 2018 to approximately US\$8,500/t for battery-grade lithium carbonate
 - MLS is continuing to evaluate further exploration project opportunities in the complementary lithium, graphite and zinc sectors
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Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce that the Company has recently completed a further geological technical review of the historic exploration completed at the Lac La Motte Lithium Project, located in Quebec (Canada), which was recently acquired by MLS through the acquisition of Quebec Lithium Limited (**QLL**).

A review of the historic exploration data has revealed that further broad lithium mineralisation exists in the NW-SE mineralised pegmatite dykes present at the Lac La Motte Lithium Project. Exploration conducted by the Quebec government confirmed the presence of mineralised LCT pegmatite structures.

This has been supported by the identification of mineralised lithium boulders found within the Lac La Motte Lithium Project by Condorado Operating Company Ltd. in 2010 (source: GM65110) during a wide-scale sampling program.

Commenting on the results of the geological technical review completed by the Company, Chairman, Sol Majteles stated:

"We continue to further evaluate the historic exploration completed at the Lac La Motte Lithium Project. With the favourable location of this key project, we are not surprised that broad lithium mineralisation has been encountered across the project area. We are very excited that through the discovery of the historic stream sediment sampling results we have identified additional lithium mineralised zones, which now presents a significant opportunity for MLS to commence exploration drilling at the Lac La Motte Lithium Project as we continue to build our knowledge of this potential world-class asset."

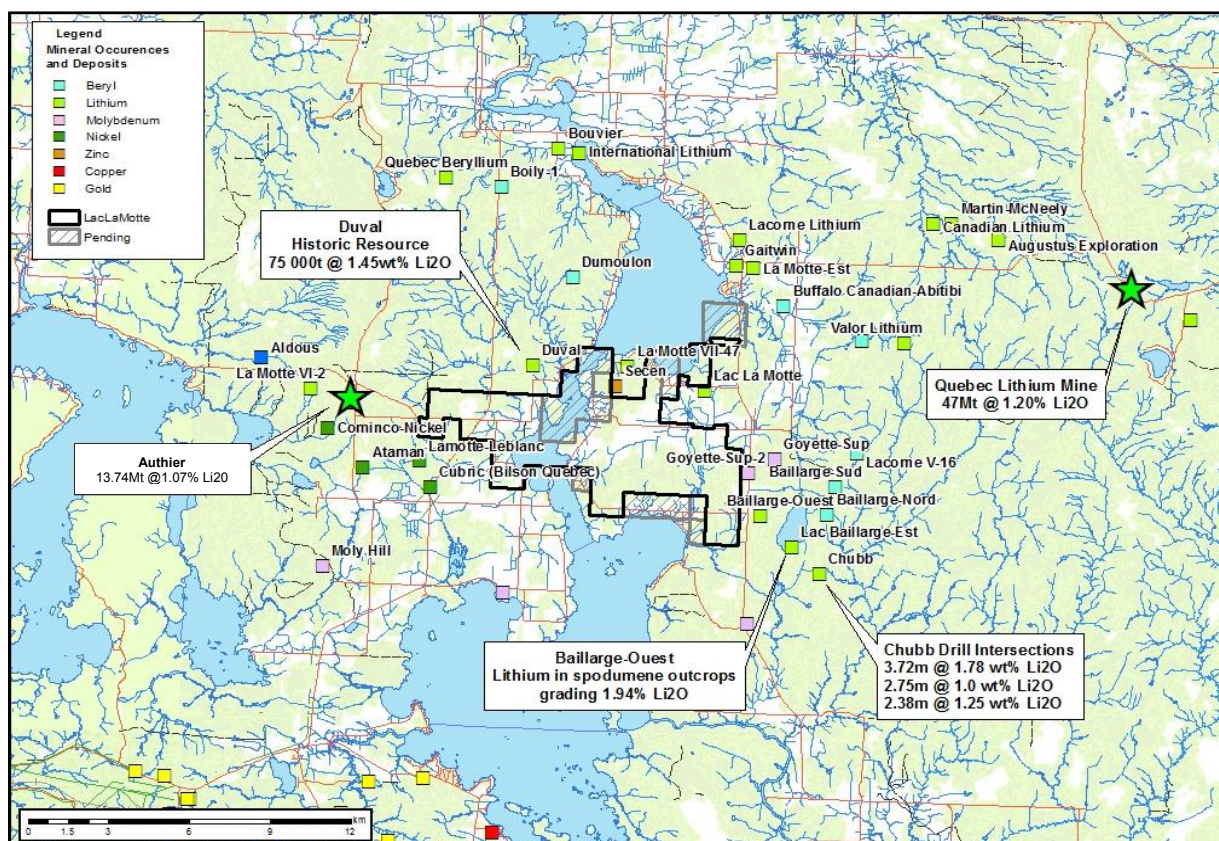
Lac La Motte Lithium Project

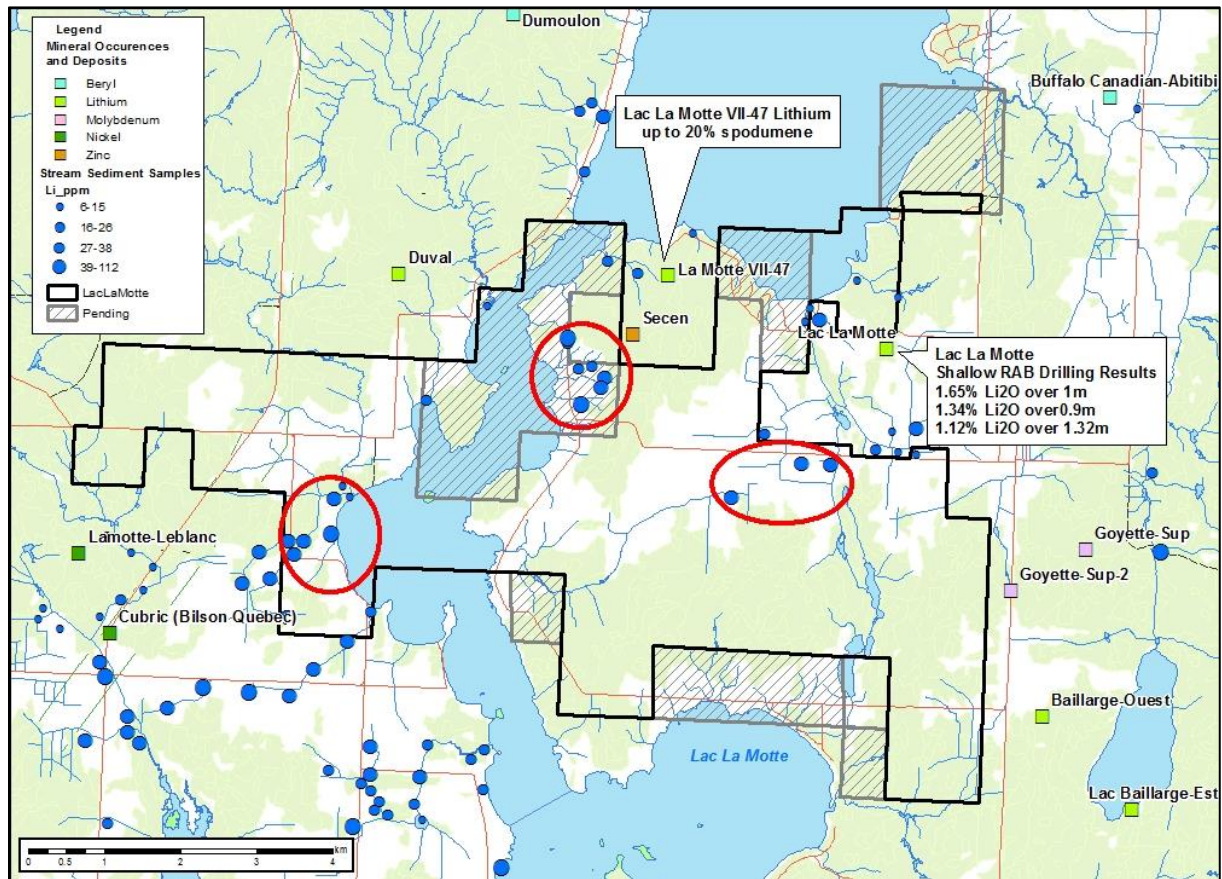
The Lac La Motte Lithium Project is located in the Abitibi Greenstone Belt of Quebec, approximately 25 kilometres northwest of the historic mining town of Val d'Or and 400 km northwest of Montreal. The Lac La Motte project consists of a contiguous landholding of 64 mineral claims and 25 mineral claim applications covering an area of approximately 49.4 km². Easy access to the Lac La Motte project from Val d'Or is via paved Highway 111 and a number of all-weather gravel roads.

The Lac La Motte Lithium Project is located less than 1 km from the Duval Lithium Deposit which contains an historic resource estimate of 75,000t @ 1.45 wt. % Li₂O (source RG160; MERN) and less than 1 kilometre from the Lac La Motte lithium occurrence.

Stream Sediment Sampling

Stream sediment sampling conducted by the Quebec government in 1980 highlighted three major clusters of lithium mineralisation in three separate locations, each along strike of other major lithium occurrences and deposits in the nearby vicinity, as shown in the following diagrams.





These zones of lithium mineralisation were identified by MLS during an ongoing geological review of the historic exploration that is being carried out at the Lac La Motte Lithium Project.

The identification of these additional lithium mineralised zones highlight the strong potential for broad lithium mineralisation to be encountered across the project area which will now be followed up by MLS through additional field work and exploration drilling.

Stream sediment highs are associated with areas of low cover and coincide with pegmatite surface exposures which are indicative of LCT (Lithium-Caesium-Tantalum) pegmatite mineralisation.

Several mineralised pegmatites have been mapped at the Lac La Motte Lithium Project, with the mineralised pegmatites generally oriented in a NW-SE direction and appear to be along strike from the Lac La Motte lithium occurrence and the Duval lithium deposit.

Exploration Activities to Commence on High Priority Targets

Following the technical review of the geological information at the Lac La Motte Lithium Project and the high priority mineralised targets, the Company now proposes to undertake on-ground exploration activities at these zones to better define the mineralisation and to delineate the extent of these lithium bearing mineralised pegmatites.

Through systematic and targeted exploration, the Company is aiming to demonstrate the potential scale of the lithium mineralisation and delineate an initial mineral resource estimate at the Lac La Motte Lithium Project. This will assist the Company in better defining the next stage of development for this potentially world-class lithium project.

The first phase of exploration at these high priority mineralised targets will consist of an airborne geophysical survey and additional field work and mapping ahead of an exploration drilling program. Each drill hole will be designed to test the depth and continuity of these mineralised zones which

appear to be along strike and associated with other major lithium deposits and occurrences in the nearby vicinity, such as Lac La Motte and Duval.

Following this first phase of exploration drilling, and dependent on a successful outcome, the Company then plans to undertake a second stage of drilling.

An airborne geophysical survey is currently being planned by the Company which will then be followed by drilling.

Buoyant Outlook for Lithium Markets and Pricing

Global lithium markets remain buoyant, with Morgan Stanley Research providing encouraging pricing forecasts citing that EV battery-driven supply tightness combined with elevated China spot pricing is set to boost contract pricing through 2018 to approximately US\$8,500/t for battery-grade lithium carbonate.

MLS is continuing to evaluate further exploration project opportunities in the complementary lithium, zinc and graphite sectors.

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Competent Person Statement

Mr Glenn S Griesbach, PGeo, a qualified person under NI 43-101, has reviewed and verified the technical information provided in this announcement. Any information in this announcement that relates to historical resources, resource estimates or exploration results, is based on information compiled by Mr Griesbach, PGeo, who is a Member of the Association of Professional Engineers and Geoscientists of Saskatchewan (a Recognised Overseas Professional Organisation ('ROPO') included in a list promulgated by the ASX from time to time). Mr Griesbach is a Consultant Geologist to Quebec Lithium Limited.

Mr Griesbach has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.