

ASX Announcement

29 March 2017

Metals Australia Acquires High Grade Cobalt Project in Quebec

Highlights:

- **Metals has executed an agreement to acquire the Lac du Marcheur Cobalt Project (the “Project”) in the cobalt endowed Laurentian region of southern Quebec, Canada**
 - **The Project is an outstanding high grade cobalt project and complements Metals’ existing portfolio of lithium and graphite projects in Quebec**
 - **The Project contains the Lac Pauze and Lac Pauze-Ouest cobalt-copper-nickel prospects and is on strike with a number of other documented prospects containing high grade cobalt-copper-nickel**
 - **Various local prospects, within and in close proximity to the Project, containing pyrrhotite, pentlandite and chalcopyrite mineralisation have returned assays of up to 0.25% cobalt, 1.11% copper, 1.23% nickel and 12.7 g/t silver in surface grab and trench samples**
 - **Trench samples taken from the Lac Pauze area of the Project returned assays up to 0.18% cobalt, 0.23% copper and 0.34% Ni**
 - **Hinterland Metals’ (TSX-V: HMI) Chilton Cobalt property lies between, and borders the north and south blocks of the Project**
 - **Previous work in the area includes geological mapping, geochemical sampling and an airborne EM survey carried out by the Ministère de l’Énergie et des Ressources Naturelles and the Geological Survey of Canada**
 - **The price of cobalt metal has recently increased to over US\$54,000/t as global shortages of this vital input in the production of lithium-ion batteries has forced offtake customers and end-users to source new production opportunities**
 - **The escalation in demand for lithium-ion batteries across the globe has created a significant requirement for high grade cobalt, with a particular focus on sourcing ‘clean’ production from safe operating jurisdictions, such as Quebec**
 - **The importance of cobalt metal is growing due to the mass global adoption of lithium-ion batteries as an energy storage solution and the transformational shift to renewable energy sources**
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Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce that the Company has executed an agreement to acquire the high grade Lac du Marcheur Cobalt Project, located in Quebec, Canada, thereby continuing its technological metals focus.



The Lac du Marcheur Cobalt Project is located in the geologically rich cobalt endowed Laurentian region, located in southern Quebec, Canada.

The Lac du Marcheur Cobalt Project covers an area of 1,780 hectares representing 35 mineral claims and is situated north and south of Hinterland Metals (TSX-V: HMI) Chilton Cobalt Project.

The global focus on renewable energy and the associated mass adoption of lithium-ion batteries as an energy storage medium has meant that the immediate inputs required for the manufacture of lithium-ion batteries are gaining significant attention with offtake partners, investors and mining exploration companies. Through the acquisition of high grade cobalt projects such as Lac du Marcheur, MLS is positioning itself to be at the forefront of this transformational technological revolution.

Commenting on the acquisition of the Lac du Marcheur Cobalt Project, Director of MLS, Mr Gino D'Anna stated:

"This is an outstanding opportunity for MLS as we continue to enhance our asset portfolio which is aligned to technologically advanced metals, being cobalt, lithium and graphite. The agreement to acquire the Project was a natural decision for MLS given our current landholding and strategic position in Quebec and our desire to be at the forefront of the technological revolution that is the lithium-ion battery.

Trench sample assays at our Lac Pauze cobalt occurrence within the Project have returned results of up to 0.18% Co, positioning our Lac du Marcheur Cobalt Project as one of the highest-grade cobalt projects in the world. This area is host to numerous high grade cobalt occurrences and developing projects such as Hinterland Metals Chilton Cobalt Project.

The strike length of the mineralised zone within the North Block is over 5 kilometres, north-south, whilst the strike length of the mineralised zone within the South Block is just under 6 kilometres, northwest-southeast.

A field work program designed to identify extensive cobalt mineralisation on the property is due to commence within 4 weeks from the completion of the acquisition. Our proposed exploration program will consist of prospecting, detailed mapping, ground geophysics (using existing airborne survey documentation as a guide) and diamond drilling.

The price of cobalt metal has recently increased to over US\$54,000/t as global shortages of this vital input in the production of lithium-ion batteries has pressured offtake partners and end-users to secure new sources of cobalt production. How could we ignore this burgeoning global opportunity and this energised focus on cobalt."

Lac du Marcheur Cobalt Project

The Lac du Marcheur Cobalt Project consists of two discrete contiguous groups of claims, being the North Block and the South Block which are approximately 1 kilometre apart, totaling 1,780 hectares or 17.8 km². They form a north-south trending corridor that extends south from the village of Notre-Dame-de-la-Merci.

The Project is made up of 35 granted mineral claims and is located approximately 70 kilometres northeast of Montreal and is easily accessible via a paved highway (Provincial Route 125) and a network of secondary roads. The favorable location of the project means that exploration and mobilisation costs will be lower in comparison to more remote projects. It is less than 90 minutes by car from Montreal.



The 11-claim (579 ha) North Block is located in Chilton Township and abuts the south side of the village of Notre-Dame-de-la-Merci. The 24-claim (1,201 ha) South Block lies 5 km south of the village and is located in parts of three townships; Chilton, Chertsy and Wexford.

Hinterland Metals' Chilton Cobalt property lies between, and borders the north and south blocks of the Lac du Marcheur Cobalt Project.

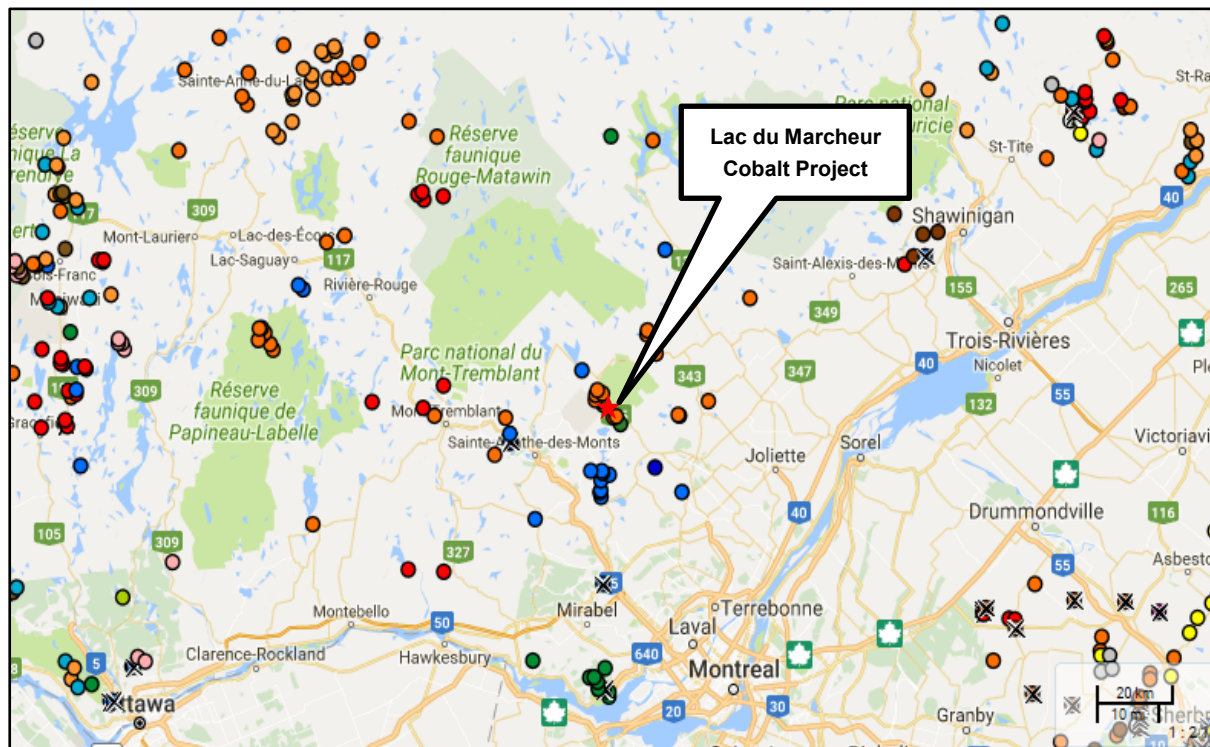


Figure 1: Location Map of Lac du Marcheur Cobalt Project

Geology and Mineralisation

Geologically, the rocks of the Lac du Marcheur Cobalt Project are within the Grenville Province of the Canadian Shield. The project is underlain by the same north-south trending package of gabbroic to anorthositic rocks (Morin Intrusive Suite) that underlie the Hinterland Metals 100% owned Chilton Cobalt Project.

The Lac du Marcheur Cobalt Project contains the Lac Pauze and Lac Pauze-Ouest cobalt-copper-nickel showings and is on strike with a number of other documented cobalt-copper-nickel showings, including (from north to south) SC-95-02, Lac Baume, Chilton Nickel, Lac Sicotte, Lac du Marcheur and Lac Sicotte-Est. **The eastern extension of the Lac du Marcheur showing is located on the northern border of the South Block of the newly acquired Lac du Marcheur Cobalt Project.**

According to the Ministère de l'Énergie et des Ressources Naturelles ("MERNQ") database (<http://sigeom.mines.gouv.qc.ca>), these various local showings, with variable amounts of pyrrhotite, pentlandite and chalcopyrite mineralisation have returned assays of up to **2,500 ppm (0.25%) cobalt, 1.11% copper, 1.23% nickel and 12.7 g/t silver** in surface grab and trench samples associated with gabbros, gabbroic anorthosites and quartzites.

The mineralisation is in the form of disseminated sulphides and stockworks (veins and veinlets) of massive sulphides filling fractures in the anorthositic gabbros, commonly at or near contacts with quartzites. Grab samples taken from the Lac du Marcheur Cobalt Project - **Lac Pauze showing**



(located in Chertsy Township) returned assays up to **1,765 ppm (0.18%) cobalt, 0.23% copper and 0.34% Ni** (MERNQ GM 54214, GM 54928, GM 55347, and GM 55906).

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Similar sulphide-bearing mafic to ultramafic zones, associated with anorthositic intrusions, have generated significant amounts of interest, such as the Lac St-Jean and the Manicouagan complexes, and the Main Plutonic Suite (Voisey's Bay).

A field work program designed to identify extensive cobalt mineralisation on the property is proposed to commence within 4 weeks from the completion of the acquisition. Our proposed exploration program will consist of prospecting, detailed mapping, ground geophysics (using existing airborne survey documentation as a guide) and diamond drilling.

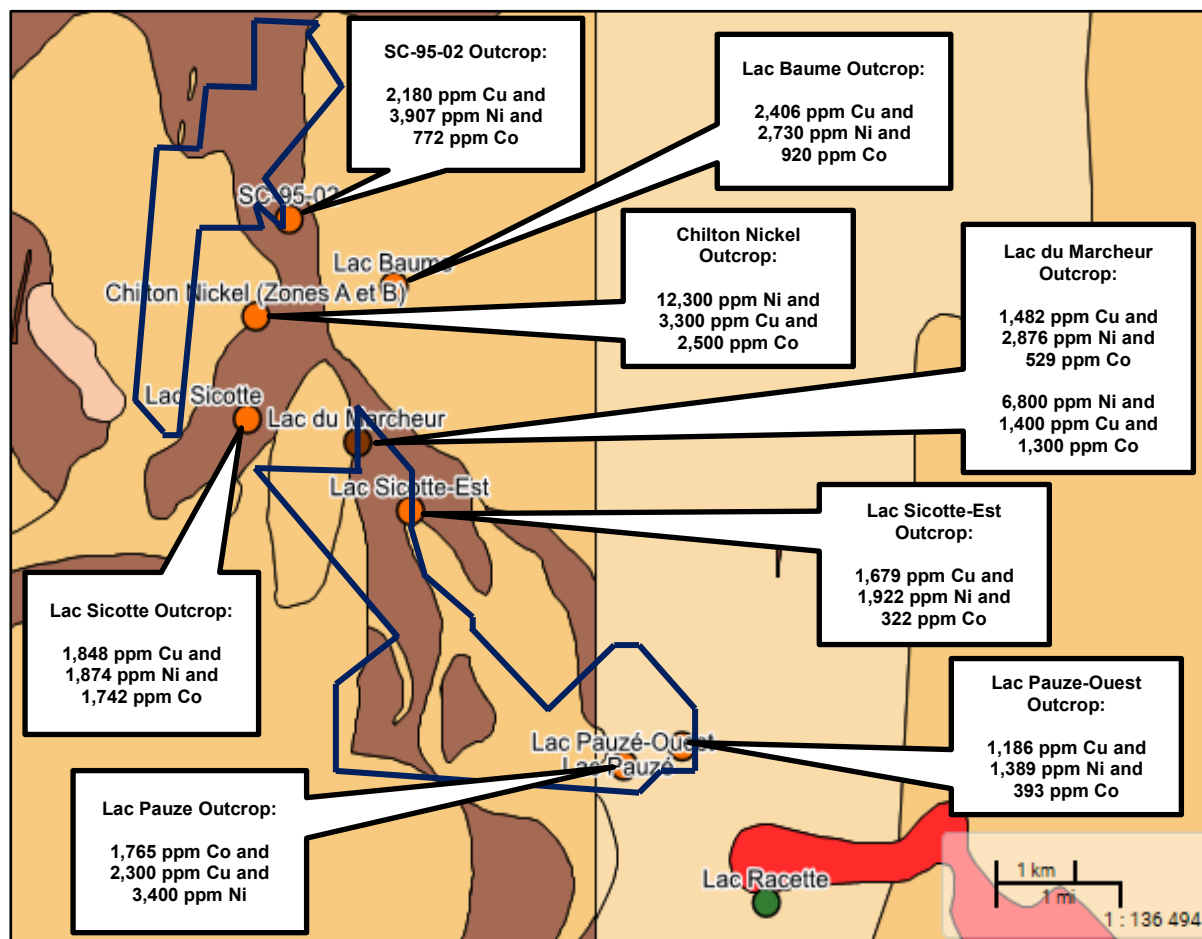


Figure 2: Geology Map of Lac du Marcheur Cobalt Project and Assay Results of Local Outcrops

The strike length of the favorable mineralised zone within the North Block is over 5 kilometres, north-south, whilst the strike length of the favorable mineralised zone within the South Block is just under 6 kilometres, northwest-southeast.



Historical Exploration at Lac du Marcheur Cobalt Project

Previous work in the area surrounding the Lac du Marcheur Cobalt Project includes geological mapping and geochemical sampling surveys by the MERNQ, geological mapping and an airborne magnetic survey by the Geological Survey of Canada and various exploration programs undertaken by a number of exploration companies.

Most of the exploration carried out in the area was directed at the magnetite-ilmenite mineralisation associated with the anorthositic intrusion, most of which are located in the area surrounding Notre-Dame-de-la-Merci.

The previous work completed on the most significant occurrences of oxides and sulphides consists mainly of surface prospecting, trenching, ground magnetic and self-potential surveys and occasional shallow drilling¹. The best sample result reported from the area is **0.33% copper, 1.23% nickel and 0.25% cobalt** at the Chilton Nickel Occurrence from an “undefined” sample from a trench. Significantly, no reported exploration work was specifically aimed at the cobalt-bearing New Glasgow troctolite-gabbro intrusive suite.

In the summer of 1995, Virginia Gold Mines Inc. explored a mineralised corridor of 5 to 9 kilometres wide and approximately 50 kilometres long. It extends, from north to south, from the town of Notre-Dame-de-la-Merci to the town of New Glasgow. One of the objectives of Virginia’s work was to determine if there might be geological similarities with the geological environment of the Voisey Bay nickel-copper-cobalt deposit. Virginia concluded that considering the relative abundance of mineralised and rusted zones, further prospecting would most likely result in the discovery of numerous other mineralised deposits.

Similar sulphide-bearing mafic to ultramafic zones, associated with anorthositic intrusions, have generated significant amounts of interest, such as the Lac St-Jean and the Manicouagan complexes, and the Main Plutonic Suite (Voisey’s Bay).

Cobalt Projects Peer Comparison

In terms of supply, two countries dominate the cobalt market. The Democratic Republic of Congo (DRC), a politically unstable country, is responsible for 65 percent of cobalt mine production, whilst China is responsible for over 50 percent of refined cobalt production.

Cobalt is typically mined as a low-grade by-product of copper or nickel. With nickel and copper prices under pressure and forecast to remain weak this by-product is an uncertain and reduced source of supply.

There has also been considerable pressure from major electronics companies to secure their raw materials from ethical sources, and reduce materials from artisanal mines associated with child labour and human rights abuses. ‘Clean’ jurisdictions such as Canada are expected to benefit from this supply-chain shift.

Increasing political and consumer focus on environmental issues will continue to propel demand for non-carbon energy solutions. The automotive industry is undergoing a transformative evolution from the internal combustion engine to automotive electrification. In addition, lithium-ion batteries are now being manufactured for use in stationary storage, enabling the use of renewable power generation from wind and solar and off-peak charging from the electrical grid. A lithium-ion battery contains graphite in its cathode, often the graphite content being substantially greater than the lithium content.

¹ Summarised in a work report “Rapport d’évaluation de la Propriété du Marcheur” by J. Marchand, 1989 (GM 48617)



Outside of the Democratic Republic of Congo (DRC) and discrete locations such as Ontario (Canada), global cobalt projects have demonstrated grades of less than 0.6% Co as highlighted in the table below:

Name	Ticker	Cobalt Project name	Location	Development Stage	Co grade (%)	Other metals in cobalt project
MetalsTech Limited	MTC	Bay Lake Cobalt Project	Ontario, Canada	Exploration	Historical down-shaft assays of 15.36%	Ag, Cu
Equator Resources	EQU	Cobalt camp projects	Ontario, Canada	Exploration	Assay results average 5.84%	Ni, Ag
Nzuri	NZC	Kalongwe	DR Congo	JORC Resource	0.62%	Cu
Barra Resources	BAR	Mt Thirsty	Norseman, WA	JORC Resource	0.13%	Ni, Mn
Corazon Mining	CZN	Mt Gillmore	North-East NSW	Exploration	-	Cu, Au
Cobalt Blue	COB	Thackaringa	Broken Hill, NSW	JORC Resource	0.08%	Ni, Pt, Fe
Conico	CNJ	Mt Thirsty	Norseman, WA	JORC Resource	0.13%	Ni, Mn
Riva Resources	RIR	Tabac Project	Western Australia	Exploration	-	Au
Alloy Resources	AYR	Ophara Project	Broken Hill, NSW	Exploration	-	Au, Cu
Celsius Resources	CLA	Opuwo Project	Namibia	Exploration	-	Cu
Berkut Minerals	BMT	Kobald Mineral Projects	Scandinavia	Exploration	Historic mining records - 0.26%	Ni, Bi, Ag, As
Hammer Metals	HMX	Millenium Project	North-West QLD	JORC Resource	0.11%	Cu, Au
Cohiba	CHK	Cobalt X	Mt Isa, QLD	Exploration	-	Cu

Source: IRESS, company announcements

Trench samples taken from the **Lac Pauze showing** within the Project returned assays up to **0.18% cobalt, 0.23% copper and 0.34% Ni** (MERNQ GM 54214, GM 54928, GM 55347, and GM 55906).

In addition, assays at other cobalt occurrences in close proximity to and surrounding the Lac du Marcheur Cobalt Project have returned results of **0.25% cobalt, 1.11% copper, 1.23% nickel and 12.7 g/t silver**.

The limited historical exploration conducted on the surface occurrences within and surrounding the Project area demonstrates the potential for the Lac du Marcheur Cobalt Project to exhibit results which place it amongst the highest grade outside of the DRC.

The chart below demonstrates the significant and sustained rise in the price of cobalt metal.

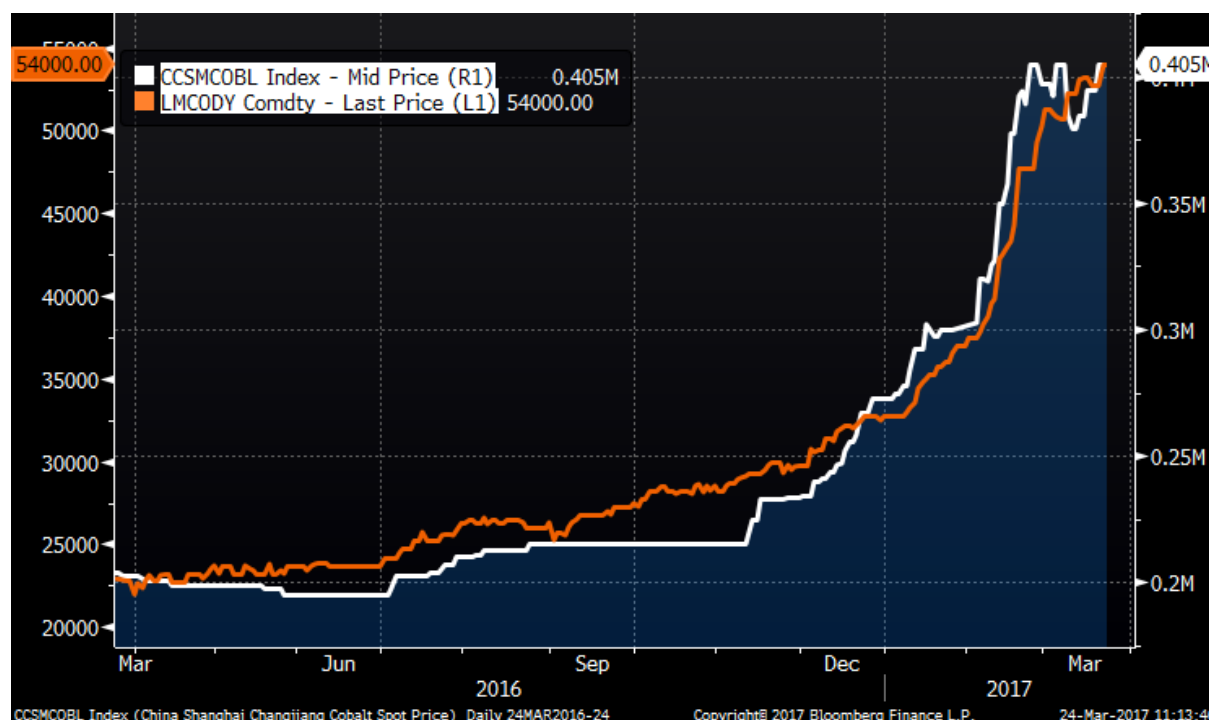


Figure 3: Cobalt Metal Price (March 2016 – March 2017), source: Bloomberg Financial L.P.



Acquisition Terms

Metals has signed an Acquisition Agreement to acquire 100% of the Lac du Marcheur Cobalt Project which contains the Lac Pauze and Lac Pauze-Ouest cobalt occurrences. Appendix A provides a list of the mineral claims that comprise the Lac du Marcheur Cobalt Project.

The Acquisition Agreement provides MLS with a due diligence period of 15 business days to complete legal and technical due diligence, prior to proceeding with the acquisition.

Should the Company proceed with the acquisition, MLS has agreed to issue the Vendor 12,500,000 fully paid ordinary shares ("**Consideration Shares**"). The Vendor will also retain a 2% Net Smelter Royalty (NSR) on all cobalt metal mined and sold at the Lac du Marcheur Cobalt Project.

Of the Consideration Shares being issued, the Vendor has agreed to have 50% held in escrow for 12 months from the date of issue whilst the other 50% remain un-escrowed. The Vendor is already a major shareholder of MLS and has agreed to sell the Lac du Marcheur Cobalt Project for a comparatively low consideration because of his shareholding and the retention of a 2% NSR, which illustrates his belief in the potential of the Project.

The Vendor realises the significant value that exists in offering an opportunity such as the Lac du Marcheur Cobalt Project to MLS, and remains excited both about the future of the Company and the opportunity to see a potentially world-class project developed.

The Agreement contains other standard clauses for an agreement of this nature.

Summary

We are excited to have acquired the high-grade Lac du Marcheur Cobalt Project. It represents an outstanding opportunity for MLS as we continue to embark on enhancing our asset portfolio, which is aligned to technologically advanced metals, being cobalt, lithium and graphite. The acquisition was a natural decision for MLS given our other tenements held in Quebec and our desire to be at the forefront of the technological revolution that is the lithium-ion battery.

The price of cobalt metal has recently increased to over US\$54,000/t as global shortages of this vital input in the production of lithium-ion batteries has forced offtake customers and end-users to source new production opportunities.

The escalation in demand for lithium-ion batteries across the globe has created a significant requirement for high grade cobalt, with a particular focus on sourcing consistent production for safe operating jurisdictions, such as Quebec.

The importance of cobalt metal is growing due to the mass global adoption of lithium-ion batteries as an energy storage solution and the transformational shift to renewable energy sources.

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

For more information, please contact:

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Phone: +61 400 408 878



Competent Person Statement

Mr Glenn S Griesbach, P.Geol, 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 Glenn S Griesbach, P.Geol, 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 and a shareholder of Metals Australia Ltd. 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'. Mr Griesbach consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.



Appendix A: Schedule of Claims – Lac du Marcheur Cobalt Project

Count	Licenses application number	SNRC Map sheet	Cell polygon (row and column) All in map sheet 31J01	Claim number (CDC series)	Area (ha.)	License Expiry	License owners. With prospectors permit number and percentage held
1	1606901	31J01	X0023 0052	CDC 2473803	59,55	Jan 26, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
2	1606901	31J01	X0024 0052	CDC 2473804	59,54	Jan 26, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
3	1606901	31J01	X0025 0052	CDC 2473805	59,53	Jan 26, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
4	1606901	31J01	X0025 0053	CDC 2473806	59,53	Jan 26, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
5	1606901	31J01	X0026 0053	CDC 2473807	59,53	Jan 26, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
6	1606901	31J01	X0027 0054	CDC 2473808	59,52	Jan 26, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
7	1606901	31J01	X0018 0057	CDC 2477461	59,55	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
8	1606901	31J01	X0018 0058	CDC 2477462	56,91	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
9	1606901	31J01	X0019 0055	CDC 2477463	8,83	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
10	1606901	31J01	X0019 0056	CDC 2477464	46,28	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
11	1606901	31J01	X0019 0057	CDC 2477465	49,94	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
12	1606901	31J01	X0019 0058	CDC 2477466	10,88	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
13	1606901	31J01	X0020 0054	CDC 2477467	23,53	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
14	1606901	31J01	X0020 0055	CDC 2477468	56,87	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
15	1606901	31J01	X0020 0057	CDC 2477469	9,58	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
16	1606901	31J01	X0022 0052	CDC 2477470	54,20	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
17	1606901	31J01	X0025 0054	CDC 2477471	41,03	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
18	1606901	31J01	X0026 0054	CDC 2477472	55,11	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
19	1606901	31J01	X0026 0055	CDC 2477473	18,90	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
20	1606901	31J01	X0027 0055	CDC 2477474	35,87	Feb 6, 2019	G. Griesbach: 50%, J. Tedy Asihto: 50%
21	1607257	31J01	X0018 0060	CDC pending	59,60	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
22	1607257	31J01	X0017 0059	CDC pending	59,61	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
23	1607257	31J01	X0017 0060	CDC pending	59,61	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
24	1607257	31J01	X0018 0056	CDC pending	59,60	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
25	1607257	31J01	X0018 0059	CDC pending	59,60	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
26	1607257	31J01	X0017 0057	CDC pending	59,61	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
27	1607257	31J01	X0017 0056	CDC pending	59,61	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
28	1607257	31J01	X0017 0058	CDC pending	59,61	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
29	1607257	31I04	X0018 0001	CDC pending	59,60	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
30	1607257	31I04	X0018 0060	CDC pending	59,60	pending	G. Griesbach: 50%, J. Tedy Asihto: 50%
31	1606799	31I04	X0017 0002	CDC pending	59,61	pending	G. Griesbach: 100%
32	1606799	31I04	X0017 0001	CDC pending	59,61	pending	G. Griesbach: 100%
33	1606799	31J01	X0021 0056	CDC pending	59,57	pending	G. Griesbach: 100%
34	1606799	31J01	X0022 0055	CDC pending	59,56	pending	G. Griesbach: 100%
35	1606799	31J01	X0020 0056	CDC pending	59,58	pending	G. Griesbach: 100%

1778,7



Appendix B: Table of Results

Occurrence	Easting	Northing	Co (ppm)	Ni (ppm)	Cu (ppm)
SC-95-02 Occurrence	573045E	5516493N	772	3,907	2,180
Lac Baume Occurrence	574468E	5115650N	920	2,730	2,406
Chilton Nickel Occurrence	572613E	5115243N	2,500	12,300	3,300
Lac du Marcheur Occurrence	574002E	5113650N	529	2,876	1,482
Lac du Marcheur Occurrence	574002E	5113650N	1,300	6,800	1,400
Lac Sicotte-Est	574723E	5112782N	322	1,922	1,679
Lac Sicotte	572514E	5113929N	1,742	1,874	1,848
Lac Pauze	578419E	5109811N	1,765	3,400	2,300
Lac Pauze-Ouest	577638E	5109553N	393	1,389	1,186



JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<p>No drilling completed to date.</p> <p>Rock samples comprise multiple chips considered to be representative of the horizon or outcrop being sampled.</p> <p>Samples submitted for assay typically weigh 2-3 kg.</p> <p>Continuous channel sampling of trenching ensures the samples are representative. Entire 2-3 kg sample is submitted for sample preparation.</p>
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	No drilling completed.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	Not applicable.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<p>All trenches sampled are logged continuously from start to finish with key geological observations recorded.</p> <p>Logging is quantitative, based on visual field estimates.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<p>Sample preparation follows industry best practice standards and is conducted by internationally recognised laboratories Activation Laboratories Ltd in Val d'Or, Quebec.</p> <p>Oven drying, jaw crushing and pulverising so that 85% passes 75 microns.</p> <p>Blanks have been submitted every 50 samples to ensure there is no cross contamination from sample preparation.</p>



Criteria	JORC Code explanation	Commentary
		<p>Measures taken include (a) systematic sampling across whole outcrop zone; (b) comparison of actual assays for blanks with theoretical values.</p> <p>Sample size (2-3 kg) accepted as general industry standard.</p>
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<p>Assay and laboratory procedures have been selected following a review of techniques provided by internationally certified laboratories. In addition, the sample preparation laboratory in Quebec is regularly visited to ensure high standards are being maintained.</p> <p>Samples are submitted for multi-element analysis by Activation Laboratories. Where results exceeded upper detection limits for Li and/or Ta, samples are re-assayed.</p> <p>The final techniques used are total.</p> <p>None used.</p> <p>Barren granitic material is submitted every 50 samples as a control.</p> <p>Comparison of results indicates good levels of accuracy and precision. No external laboratory checks have been used.</p>
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<p>None undertaken.</p> <p>Not applicable.</p> <p>All field data is manually collected, entered into excel spreadsheets, validated and loaded into an Access database.</p> <p>Electronic data is stored in Quebec. Data is exported from Access for processing by a number of different software packages.</p> <p>All electronic data is routinely backed up.</p> <p>No hard copy data is retained.</p> <p>None required.</p>



Criteria	JORC Code explanation	Commentary
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<p>All trench start points and geochemical samples are located using a hand held GPS.</p> <p>Trenches are surveyed using hand held compass and clinometer.</p> <p>The grid system used is UTM. However, for reporting purposes and to maintain confidentiality, local coordinates are used for reporting.</p> <p>Nominal RL's based on topographic datasets are used initially, however, these will be updated if DGPS coordinates are collected.</p>
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<p>Only reconnaissance trenching and sampling completed – spacing variable and based on outcrop location and degree of exposure.</p> <p>Not applicable.</p> <p>None undertaken.</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<p>Sampling completed at right angles to interpreted trend of pegmatite units.</p> <p>None observed.</p>
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<p>Geological team supervises all sampling and subsequent storage in the field. The same geological team delivers the samples to Activation Laboratories or SGS Laboratories and receives an official receipt of delivery.</p>
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<p>None completed.</p>

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known 	<p>Metals Australia Limited will be the 100% owner of the Lac du Marcheur Cobalt Project pursuant to the acquisition agreement.</p> <p>There are no other material issues affecting the tenements.</p>



Criteria	JORC Code explanation	Commentary
	<i>impediments to obtaining a licence to operate in the area.</i>	All tenements are in good standing and have been legally validated by a Quebec lawyer specialising in the field.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li data-bbox="360 363 987 384">• <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<p data-bbox="1285 363 1704 384">No modern exploration has been conducted.</p> <p data-bbox="1285 427 2107 483">Government mapping records multiple cobalt bearing outcrops within the project areas but no other data is available.</p>
<i>Geology</i>	<ul style="list-style-type: none"> <li data-bbox="360 512 954 533">• <i>Deposit type, geological setting and style of mineralisation.</i> 	<p data-bbox="1285 512 1615 533">Lac du Marcheur Cobalt Project</p> <p data-bbox="1285 576 2096 695">Geologically, the rocks of the Lac du Marcheur Cobalt Project are within the Grenville Province of the Canadian Shield. The project is underlain by the same north-south trending package of gabbroic to anorthositic rocks (Morin Intrusive Suite) that underlie the Hinterland Metals 100% owned Chilton Cobalt Project.</p> <p data-bbox="1285 735 2096 919">The Lac du Marcheur Cobalt Project contains the Lac Pauze and Lac Pauze-Ouest cobalt-copper-nickel showings and is on strike with a number of other documented cobalt-copper-nickel showings, including (from north to south) SC-95-02, Lac Baume, Chilton Nickel, Lac Sicotte, Lac du Marcheur and Lac Sicotte-Est. The eastern extension of the Lac du Marcheur showing is located on the northern border of the South Block of the newly acquired Lac du Marcheur Cobalt Project.</p> <p data-bbox="1285 959 2107 1142">According to the Ministère de l'Énergie et des Ressources Naturelles ("MERNQ") database (http://sigeom.mines.gouv.qc.ca), these various local showings, with various amounts of pyrrhotite, pentlandite and chalcopyrite mineralisation have returned assays of up to 2,500 ppm (0.25%) cobalt, 1.11% copper, 1.23% nickel and 12.7 g/t silver in surface grab and trench samples associated with gabbros, gabbroic anorthosites and quartzites.</p> <p data-bbox="1285 1182 2107 1369">The mineralisation is in the form of disseminated sulphides and stockworks (veins and veinlets) of massive sulphides filling fractures in the anorthositic gabbros, commonly at or near contacts with quartzites. Grab samples taken from the Lac du Marcheur Cobalt Project - Lac Pauze showing (located in Chertsy Township) returned assays up to 1,765 ppm (0.18%) cobalt, 0.23% copper and 0.34% Ni (MERNQ GM 54214, GM 54928, GM 55347, and GM 55906).</p>



Criteria	JORC Code explanation	Commentary
		<p>The mineralisation is in the form of disseminated sulphides and stockworks (veins and veinlets) of massive sulphides filling fractures in the anorthositic gabbros, commonly at or near contacts with quartzites.</p> <p>Similar sulphide-bearing mafic to ultramafic zones, associated with anorthositic intrusions, have generated significant amounts of interest, such as the Lac St-Jean and the Manicouagan complexes, and the Main Plutonic Suite (Voisey's Bay).</p> <p>A field work program designed to identify extensive cobalt mineralisation on the property is proposed to commence within 4 weeks from the completion of the acquisition. The strike length of the favourable mineralised zone within the North Block is over 5 kilometres, north-south, whilst the strike length of the favourable mineralised zone within the South Block is just under 6 kilometres, northwest-southeast. Our proposed exploration program will consist of prospecting, detailed mapping, ground geophysics (using existing airborne survey documentation as a guide) and diamond drilling.</p>
<p><i>Drill hole Information</i></p>	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<p>See tables and / or appendices attached to this report.</p>
<p><i>Data aggregation methods</i></p>	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<p>Intercepts are calculated on a per sample basis according to the results from the laboratory with no bottom cut-off grade and no top cut-off grades.</p> <p>Short intervals of high grade that have a material impact on overall intersection are highlighted separately.</p> <p>None reported.</p>
<p><i>Relationship between mineralisation</i></p>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear</i> 	<p>The relationship between true widths and the width of mineralised zones intersected in trenching has not yet been determined due to lack of structural data (i.e. dip).</p>



Criteria	JORC Code explanation	Commentary
widths and intercept lengths	statement to this effect (eg 'down hole length, true width not known').	
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	None included.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	Results for all sampling completed are listed in Appendix A attached to the body of this report.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	All meaningful and material data is reported.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<p>Detailed geochemistry and geology mapping to determine trends of known mineralised zones and to delineate other Li and Ta anomalies.</p> <p>Further trenching to determine structural orientation of pegmatites.</p> <p>Drilling.</p>