

ASX Announcement

30 March 2017

Metals Australia Expands Graphite Landholding at the Lac Rainy Nord Graphite Project, Quebec

Highlights:

- Metals has entered into an agreement to acquire the Lac Rainy Est Graphite Project (the “Project”), expanding its graphite landholding in the geologically rich graphite producing region of Fermont, located in Quebec, Canada
 - The Project covers an area of 2,040 hectares representing 39 mineral claims and is contiguous with Focus Graphite’s Lac Knife Graphite Deposit in the south, as well as the Company’s existing Lac Rainy Nord Graphite Project
 - Exploration undertaken to date has already identified several mineralised targets within the Project area
 - The Project is located adjacent to several high grade graphite deposits, including the Lac Knife Graphite Deposit owned by Focus Graphite which is less than 4km south-west of the Project and hosts a Measured and Indicated Resource of 12.1Mt @ 14.64% Cg and an Inferred Resource of 2.3Mt @ 16.20% Cg
 - The Project is less than 100 metres west of the Permit 861 graphite showing where samples have returned 22.27% Cg and 16.68% Cg (sample 2215 and 2214)
 - Prospectair has been engaged to complete an Airborne Electromagnetic and Magnetic Survey across both the Lac Rainy Nord and Lac Rainy Est Graphite Projects
 - The escalation in demand for lithium-ion batteries across the globe has created a significant requirement for high grade natural flake graphite, which is capable of being upgraded to Coated Spherical Graphite (“CSPG”). CSPG is a key component of these batteries
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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 Lac Rainy Est Graphite Project, located in Quebec, Canada, thereby expanding its graphite focused landholding in the geologically rich graphite producing region of Fermont.

The agreement provides MLS with a 15-day due diligence period to conduct legal and technical due diligence prior to MLS proceeding with the acquisition. MLS has already commenced its due diligence investigations.

The Lac Rainy Est Graphite Project covers an area of 2,040 hectares representing 39 mineral claims and is contiguous with Focus Graphite and its 100% owned Lac Knife Graphite Deposit in the south as well as the Company’s existing Lac Rainy Nord Graphite 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 the lithium-ion battery are gaining significant attention with both investors and mining exploration companies. Through the acquisition of high grade graphite projects such as Lac Rainy Nord and Lac Rainy Est, MLS is positioning itself to be at the forefront of this transformational technological revolution.

Commenting on the acquisition of the Lac Rainy Est Graphite Project, Director of MLS, Mr Gino D'Anna stated:

"Over the past 6 weeks the Company has undertaken a detailed geological and geophysical review of the historical exploration completed within the Lac Rainy area with a particular focus on the main geological structures that host the numerous graphite occurrences in this region. The agreement to acquire the Lac Rainy Est Graphite Project is the result of that geological and geophysical review and provides the Company with the geological extension of the existing Lac Rainy Nord Graphite Project, which is along strike of numerous high grade graphite occurrences.

This area is host to numerous high grade vein style graphite occurrences and deposits such as the Lac Knife Graphite Deposit which is owned by Focus Graphite. In late January 2017, Focus Graphite announced a 26% increase in its Measured and Indicated Resource at Lac Knife. For MLS, this signifies that there is enormous potential for the delineation of additional graphite mineralisation and deposits in this area.

We have now engaged Prospectair to complete an Airborne Electromagnetic and Magnetic Survey across both the Lac Rainy Nord and Lac Rainy Est Graphite Projects. This data will underpin our maiden drilling campaign to be conducted during the third quarter of 2017."

Lac Rainy Est Graphite Project

The Lac Rainy Est Graphite Project is located in one of the premier graphite geological regions of Quebec. It sits approximately 22km southwest of the historic mining town of Fermont and 260km north-north-east of the city of Sept-Iles. The Lac Rainy Est Graphite Project is approximately 15km east of Route 389, a paved highway which travels north to Fermont.

The Project consists of a contiguous landholding of 39 mineral claims covering an area of approximately 20.4 km² and is contiguous with Focus Graphite in the south as well as the Company's existing Lac Rainy Nord Graphite Project.

Exploration undertaken to date has already identified several mineralised targets within the project area.

The Project is located adjacent to several high grade graphite deposits, including the Lac Knife Graphite Deposit owned by Focus Graphite (which is located less than 4km south-west of the Project) and hosts a Measured and Indicated Resource of 12.1Mt @ 14.64% Cg and an Inferred Resource of 2.3Mt @ 16.20% Cg.

Located less than 100 metres west of the Lac Rainy Est Graphite Project licence boundary, samples have returned 22.27% Cg and 16.68% Cg (sample 2215 and 2214) within the Permit 861 graphite occurrence.

The close proximity of these high grade graphitic carbon results at nearby deposits and occurrences highlights the strong potential for further graphite mineralisation to be identified at the Lac Rainy Est Graphite Project.

Figure 1 illustrates the location of the Lac Rainy Est Graphite Project and its location relative to other developed graphite occurrences and deposits in the region.

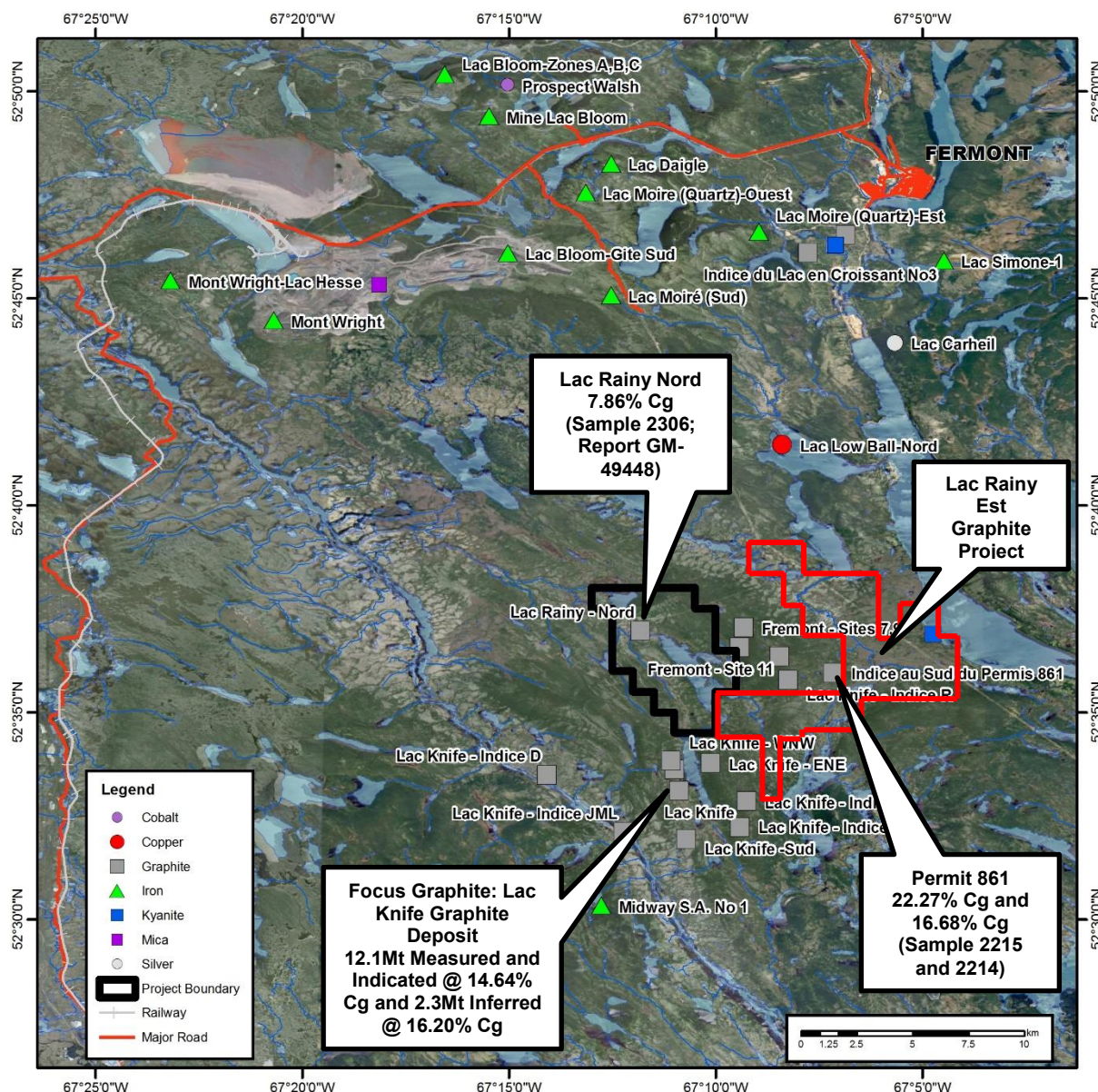


Figure 1: Location of the Lac Rainy Est Graphite Project

Historical Exploration at Lac Rainy Est Graphite Project

In 1959-1960 the Quebec Ministry of Mines carried out regional geological mapping and discovered a number of graphite and kyanite occurrences. In 1973 the Geological Survey of Canada conducted an aeromagnetic survey of the region. In 1989 Mazarin Inc. carried out a number of airborne and ground-based geophysical surveys, prospecting, overburden stripping and trenching.



The property, located on the southwest side of Lac Carheil, is underlain primarily by meta-sedimentary gneisses (Knob Lake Group) cross-cut by occasional pegmatite dykes. **The gneisses contain up to 5-10% disseminated graphite as well as graphitic lenses containing up to about 30% carbon in graphite.** The graphitic zones of economic interest in the area generally correspond to stratigraphic horizons that may be up to several meters in width.

In the late 1980's the current Lac Rainy Est Graphite Property was covered by Mazarin's Permit 862 claims block and Lac Carheil claims block. In Mazarin's 1989 report¹, it is stated that:

"within the sector covered by the Lac Carheil (geophysical) grid we have seen outcrops with graphite-rich horizons up to several meters in width; overburden removal is required to determine the exact widths of these horizons."

In 2012, Standard Graphite Corp. engaged Aeroquest Airborne to carry out a helicopter-borne geophysical survey in the region, including parts of the current Lac Rainy Est Property².

The report contains tables listing the characteristics and precise location coordinates of the strongest electromagnetic anomalies. This data, along with an accompanying set of high resolution maps, are included in this archived report and will be incorporated into the planning of future exploration diamond drilling.

The Lac Rainy Est Graphite Project is located in a well understood geological setting that is host to numerous graphite occurrences and deposits owned by major operators. The favorable location and access to the project facilitates exploration and development in a low-cost environment.

The Lac Rainy Est Graphite Project is located within 5 km of the following known and explored graphite projects:

- **Fermont – Site 7 and 9:** 15.06% Cg over 1.5 m (sample RX- 5324; Site 7); 11.83% Cg over 1.5 m (sample spline RX- 5328; Site 9); 9.96% Cg over 2.0 m (sample RX- 5332; Site 9); 25.37% Cg (grab samples RX- 5351; Site 9) and 24.69% Cg (grab samples RX- 5353; Site 9).
- **Fermont – Site 11:** 21.58% Cg over 1.5 m (RX- 5339); 11.39% Cg over 1.5 m (sample RX- 5341); 5.57% Cg over 1.5 m (sample RX- 5338); 13.90% Cg (sample RX- 5352). The size of graphite flakes is from 1 to 5 mm.
- **Fermont – Site 3, 5 and 6:** 16.87% Cg (sample RX- 5347); 6.78% Cg (sample RX- 5349 - Site 5); 6.25% Cg (sample RX- 5317 - Site 3); 5.49% Cg to 1.5 m (sample RX – 5323 - Site 6). The size of graphite flakes is from 2 to 8 mm.
- **Permit 861:** 22.27% Cg and 16.68% Cg (sample 2215 and 2214). In this stratigraphic horizon, the content ranges from 5% to 20% graphitic carbon and fine flake. These samples were taken less than 100 metres west of the Lac Rainy Est Graphite Project licence boundaries.
- **Lac Knife:** 13.19% Cg (sample RX4560); 9.55% Cg over 2.5 m (sample RX4559). Graphite is very coarse flakes.

¹ GM 49448; Report on the Exploration Program of 1989, Fermont Project

² GM66786; Fermont and Sept Iles Project Quebec, Aeroquest Airborne – Report on a Helicopter-Borne AeroTEM System Electromagnetic & Magnetic Survey



The Lac Rainy Est Graphite Project is contiguous with the Lac Knife Graphite Deposit which is owned by Focus Graphite, and is located less than 4km south-west of the Lac Rainy Est Graphite Project. Lac Knife is one of the highest-grade flake graphite deposits in the world, grading approximately 15% graphitic carbon, and hosts a Measured and Indicated Resource of 12.1Mt @ 14.64% Cg and an Inferred Resource of 2.3Mt @ 16.20% Cg.³

The Feasibility Study completed by Met-Chem Canada Inc. (released on 8 August 2014) on the Lac Knife Graphite Deposit indicates that it has the potential to become one of the lowest-cost, highest-margin producers of graphite in the world.⁴

The continuity in the geology between the Lac Knife Deposit (Focus Graphite) and the Lac Rainy Est Graphite Project supports the understanding that further graphite mineralisation may be identified at Lac Rainy Est within the north-south structural zone.

The well understood geological environment and the identified geological similarities between the Lac Knife Deposit and the Lac Rainy Est Graphite Project highlight the potential extension of the graphite mineralisation across the entire project area.

This dominant and geologically important structural lineament that runs in an approximate north-south direction highlights this continuity of geology and provides the basis for the geological view that additional graphite mineralisation can be identified at the Lac Rainy Est graphite project.

There is significant potential to identify additional graphite mineralisation under the shallow unconsolidated overburden at the Lac Rainy Est Graphite Project.

Prospectair, a specialist contractor, has been engaged to complete an Airborne Electromagnetic and Magnetic Survey across both the Lac Rainy Nord and Lac Rainy Est Graphite Projects. This data will underpin our maiden drilling campaign to be conducted during the third quarter of 2017 and is expected to commence in the next couple of weeks with the results available for ground-based follow-up exploration.

In 2014 our neighbour Focus Graphite Inc. published a 269-page report prepared by Met-Chem, titled: "NI 43-101 Technical Report on the Lac Knife Graphite Feasibility Study, Quebec, Canada".⁵

A significant proportion of the Met-Chem report is directly relevant to the Lac Rainy Est Graphite Project as the two properties are contiguous and share similar geology.

Aside from less-immediate matters such as the proposed mining, ore and waste processing methods, Met-Chem's report also provides valuable information on physiography and accessibility, local resources and infrastructure, land tenure, regional and local geology, mineralisation and deposit types, exploration history, permits and the environment, the local indigenous community and social impact, and other matters.

This current and valuable information should provide cost savings to MLS at the Lac Rainy Nord and Lac Rainy Est Graphite Projects as exploration and development is initiated and advanced.

Within the Lac Rainy Est Graphite Project, the graphite is hosted in biotite-quartz-feldspar paragneiss and schist of the Nault Formation, in association with iron formations of the Wabush Formation. High grade metamorphism and folding associated with the Grenvillian orogeny has

³ Source: <http://www.focusgraphite.com/lac-knife/>

⁴ <http://www.focusgraphite.com/wp-content/uploads/largeReport/Lac-Knife-Feasibility-Study-Technical-Report-August-2014.pdf> for further information in relation to the Feasibility Study at the Lac Knife graphite project

⁵ Source: <http://www.focusgraphite.com/wp-content/uploads/largeReport/Lac-Knife-Feasibility-Study-Technical-Report-August-2014.pdf>

resulted in the formation of important concentrations of graphite dominated by value-enhanced large flakes.

According to the Quebec Ministry of Natural Resources, where this gneissic unit is sheared, brecciated and silicified, coarse graphite flakes and associated sulphide minerals make up 5% to 10% of the rock, with up to 20% or more in the more brecciated zones.

Fuchsite and other iron-rich micas accompany the graphite and sulphide mineralisation in the more silicified horizons. Figure 2 below illustrates the geological setting relevant to the Lac Rainy Est Graphite Project.

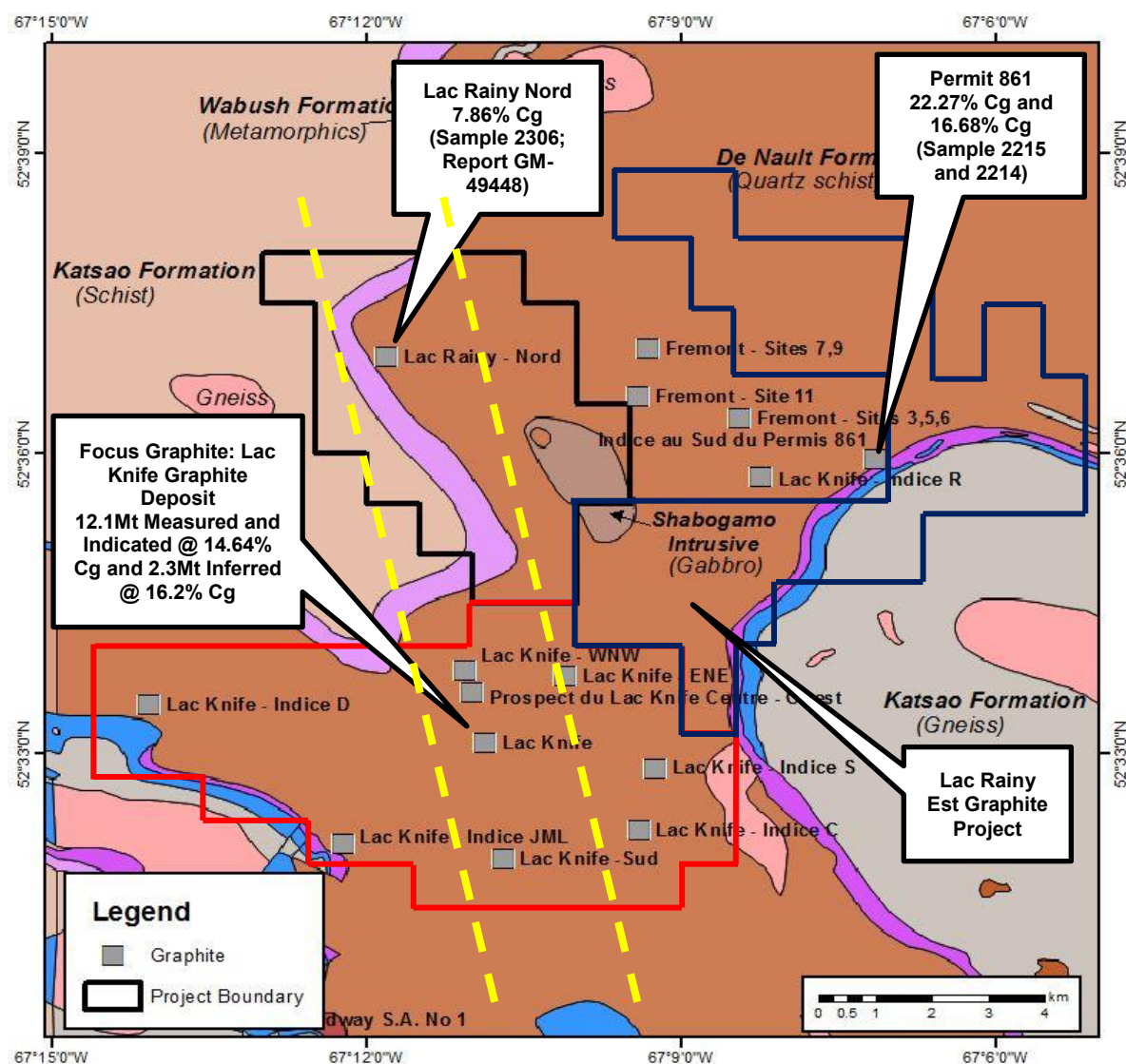


Figure 2: Geology of the Lac Rainy Est graphite project

The Global Graphite Market

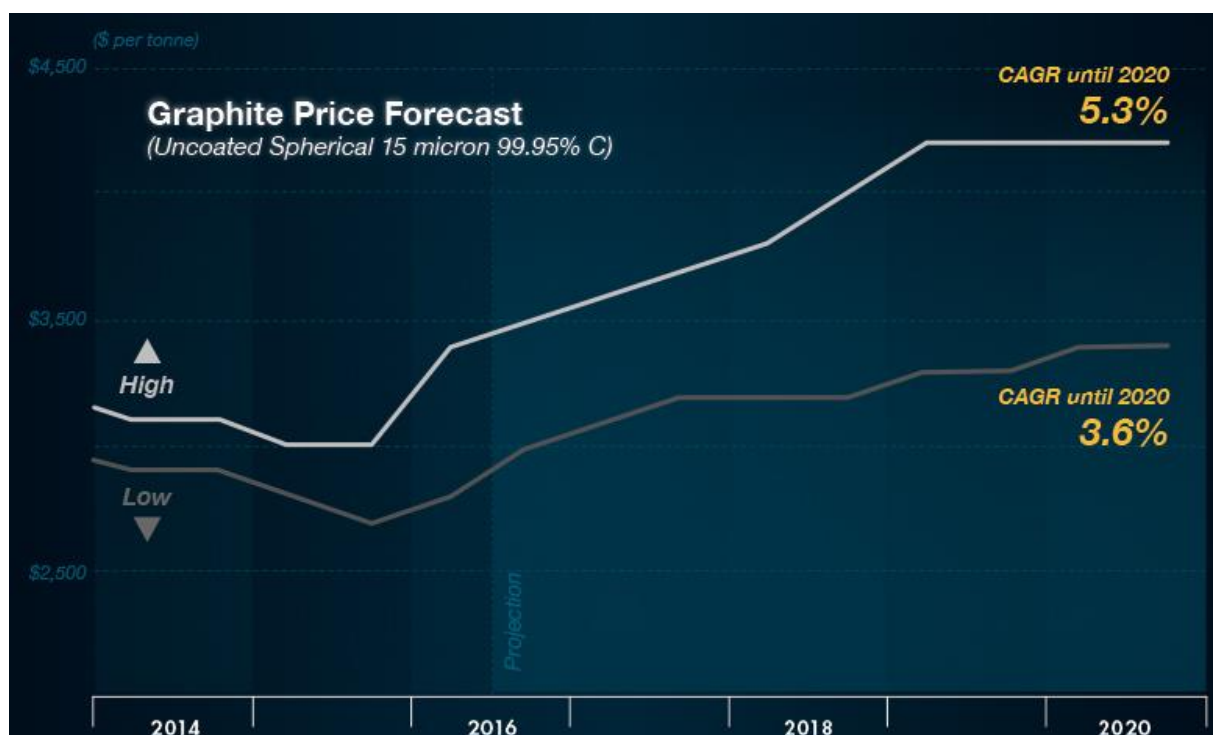
China accounts for about 70–80% of the world graphite supply (flake and amorphous) with Canada, North Korea, Mexico (amorphous), India and Brazil being the other major suppliers.



There has been speculation that China, in line with other industrial minerals such as magnesite and rare earths, will begin to restrict supply of graphite, particularly if (or rather when) technological advances bring in significant new markets. It is also speculated that the graphite mines in China are ageing and that some may be closed down thereby reducing supply. The country has also closed mines recently for environmental reasons.

In the burgeoning lithium-ion battery market, there is 54kg of graphite in the battery anode of each Tesla Model S (85 kWh).

Benchmark Mineral Intelligence forecasts that the battery anode market for graphite (natural and synthetic) will **at least triple in size from 80,000 tonnes in 2015 to at least 250,000 tonnes by the end of 2020**. Rising demand will also influence price.



Source: Benchmark Mineral Intelligence

Acquisition Terms

Metals has signed an Acquisition Agreement to acquire 100% of the Lac Rainy Est Graphite Project. Appendix A provides a list of the mineral claims that comprise the 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 5,000,000 fully paid ordinary shares ("Consideration Shares"). The Vendor will also retain a 2% Net Smelter Royalty (NSR) on all graphite metal produced from the Lac Rainy Est 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. He has agreed to sell the Lac Rainy Est Graphite 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 Agreement contains other standard clauses for an agreement of this nature.

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

The escalation in demand for lithium-ion batteries across the globe has created a significant requirement for high grade natural flake graphite, which is capable of being upgraded to Coated Spherical Graphite ("CSPG"). CSPG is a key component of these batteries.

For more information, please contact:

Gino D'Anna
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Metals Australia Ltd
Phone: +61 400 408 878

Competent Person Statement

Mr Glenn S Griesbach, P.Geo, 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.Geo, 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 Rainy Est Graphite Project

Total count	Count by application	License application number	SNRC Map sheet	Cell polygon identity (row & column)	Claim number (CDC series)	Area (ha.)	License owners. With percentage held.	Claim license expiry date
1	1	1584125	23B11	X0016 0042	CDC 2465815	52,30	J. Tedy Asihto: 100%	Oct 12, 2018
2	1	1587764	23B11	X0013 0051	CDC 2467343	52,33	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Oct 30, 2018
3	2	1587764	23B11	X0013 0052	CDC 2467344	52,33	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Oct 30, 2018
4	3	1587764	23B11	X0014 0050	CDC 2467345	52,32	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Oct 30, 2018
5	4	1587764	23B11	X0014 0051	CDC 2467346	52,32	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Oct 30, 2018
6	1	1594099	23B11	X0008 0043	CDC 2471082	52,38	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
7	2	1594099	23B11	X0009 0043	CDC 2471083	52,37	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
8	3	1594099	23B11	X0010 0041	CDC 2471084	52,36	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
9	4	1594099	23B11	X0010 0042	CDC 2471085	52,36	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
10	5	1594099	23B11	X0010 0043	CDC 2471086	52,36	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
11	6	1594099	23B11	X0010 0044	CDC 2471087	52,36	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
12	7	1594099	23B11	X0011 0041	CDC 2471088	52,35	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
13	8	1594099	23B11	X0011 0042	CDC 2471089	52,35	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
14	9	1594099	23B11	X0011 0043	CDC 2471090	52,35	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
15	10	1594099	23B11	X0011 0044	CDC 2471091	52,35	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
16	11	1594099	23B11	X0012 0047	CDC 2471092	52,34	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
17	12	1594099	23B11	X0012 0048	CDC 2471093	52,34	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
18	13	1594099	23B11	X0012 0049	CDC 2471094	52,34	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
19	14	1594099	23B11	X0012 0050	CDC 2471095	52,34	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
20	15	1594099	23B11	X0013 0047	CDC 2471096	52,33	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
21	16	1594099	23B11	X0013 0048	CDC 2471097	52,33	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
22	17	1594099	23B11	X0013 0049	CDC 2471098	52,33	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
23	18	1594099	23B11	X0013 0050	CDC 2471099	52,33	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
24	19	1594099	23B11	X0014 0045	CDC 2471100	52,32	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
25	20	1594099	23B11	X0014 0046	CDC 2471101	52,32	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
26	21	1594099	23B11	X0014 0047	CDC 2471102	52,32	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
27	22	1594099	23B11	X0014 0048	CDC 2471103	52,32	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
28	23	1594099	23B11	X0015 0044	CDC 2471104	52,31	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
29	24	1594099	23B11	X0015 0045	CDC 2471105	52,31	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
30	25	1594099	23B11	X0015 0046	CDC 2471106	52,31	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
31	26	1594099	23B11	X0015 0047	CDC 2471107	52,31	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
32	27	1594099	23B11	X0015 0048	CDC 2471108	52,31	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Dec 15, 2018
33	1	1606965	23B11	X0011 0045	CDC 2477073	52,35	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Feb 1, 2019
34	2	1606965	23B11	X0011 0046	CDC 2477074	52,35	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Feb 1, 2019
35	3	1606965	23B11	X0011 0047	CDC 2477075	52,35	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Feb 1, 2019
36	4	1606965	23B11	X0012 0051	CDC 2477076	52,34	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Feb 1, 2019
37	5	1606965	23B11	X0012 0052	CDC 2477077	52,34	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Feb 1, 2019
38	6	1606965	23B11	X0016 0043	CDC 2477078	52,30	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Feb 1, 2019
39	7	1606965	23B11	X0016 0044	CDC 2477079	52,30	G. Griesbach: 50% ; J. Tedy Asihto: 50%	Feb 1, 2019



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 T 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> <p>Measures taken include (a) systematic sampling across whole mineralised zone; (b)</p>



Criteria	JORC Code explanation	Commentary
		<p>comparison of actual assays for blanks with theoretical values.</p> <p>Sample size (2-3 kg) accepted as general industry standard.</p>
Quality of assay data and laboratory tests	<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 and Ontario is regularly visited to ensure high standards are being maintained.</p> <p>Samples are submitted for multi-element analysis by Activation. Where results exceeded upper detection limits for Cg, 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>
Verification of sampling and assaying	<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>
Location of data points	<ul style="list-style-type: none"> <i>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.</i> 	<p>All trench start points and geochemical samples are located using a hand held GPS.</p>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<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>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<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>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<p>Sampling completed at right angles to interpreted trend of pegmatite units.</p> <p>None observed.</p>
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<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>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<p>None completed.</p>

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<p>Metals Australia Limited will be the 100% owner of the Lac Rainy Est Graphite Project, pursuant to the binding acquisition agreement.</p> <p>There are no other material issues affecting the tenements.</p> <p>Quebec Lithium Limited, a wholly owned subsidiary of Metals Australia, will be the 100% of the abovementioned graphite project and ownership of the individual CDC claims is currently being transferred to Quebec Lithium Limited.</p>



Criteria	JORC Code explanation	Commentary
		All tenements are in good standing and have been legally validated by a Quebec lawyer specialising in the field.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>No modern exploration has been conducted.</p> <p>Government mapping records multiple graphitic carbon bearing zones within the project areas but no other data is available.</p>
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<p>Lac Rainy Est Graphite Project</p> <p>The Lac Rainy Est graphite project is located within 5 km of the following known and explored graphite projects:</p> <ul style="list-style-type: none"> Fermont – Site 7 and 9: 15.06% Cg over 1.5 m (sample RX- 5324; Site 7); 11.83% Cg over 1.5 m (sample spline RX- 5328; Site 9); 9.96% Cg over 2.0 m (sample RX- 5332; Site 9); 25.37% Cg (grab samples RX- 5351; Site 9) and 24.69% Cg (grab samples RX- 5353; Site 9). Fermont – Site 11: 21.58% Cg over 1.5 m (RX- 5339); 11.39% Cg over 1.5 m (sample RX- 5341); 5.57% Cg over 1.5 m (sample RX- 5338); 13.90% Cg (sample RX- 5352). The size of graphite flakes is from 1 to 5 mm. Fermont – Site 3, 5 and 6: 16.87% Cg (sample RX- 5347); 6.78% Cg (sample RX- 5349 - Site 5); 6.25% Cg (sample RX- 5317 - Site 3); 5.49% Cg to 1.5 m (sample RX – 5323 - Site 6). The size of graphite flakes is from 2 to 8 mm. Permit 861: 22.27% Cg and 16.68% Cg (sample 2215 and 2214). In this stratigraphic horizon, the content ranges from 5% to 20% graphitic carbon and fine flake. Lac Knife: 13.19% Cg (sample RX4560); 9.55% Cg over 2.5 m (sample RX4559). Graphite is very coarse flakes. <p>The Lac Rainy Est graphite project was first discovered in 1989 and has been subject to some exploration over that time, however previous exploration was not conducted in a systematic manner and was focused more on the iron potential of the region which has meant that the true mineralisation and potential of the Lac Rainy Est graphite project has not been fully established.</p> <p>The Lac Rainy Est graphite project is contiguous with the Lac Knife Graphite Deposit which is owned by Focus Graphite.</p> <p>The Lac Knife Graphite Deposit hosts a reported Measured and Indicated resource</p>



Criteria	JORC Code explanation	Commentary
		<p>totalling 12,101,000 tonnes grading 14.64% graphitic carbon together with Inferred resources of 2,299,000 tonnes grading 16.20% graphitic carbon.</p> <p><i>(Note: Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves)</i></p> <p>The Feasibility Study completed by Met-Chem Canada Inc. (released on 8 August 2014) on the Lac Knife Graphite Deposit indicates that the Lac Knife Graphite Deposit has the potential to become one of the lowest-cost, highest-margin producers of graphite in the world.</p> <p>Refer to http://www.focusgraphite.com/wp-content/uploads/largeReport/Lac-Knife-Feasibility-Study-Technical-Report-August-2014.pdf for further information in relation to the Feasibility Study at the Lac Knife graphite project.</p> <p>Graphite mineralisation is set in migmatized biotite-bearing quartz-feldspar gneiss belonging to the Nault Formation of the lower Proterozoic Gagnon Group.</p> <p>According to the Quebec Ministry of Natural Resources, where this gneissic unit is sheared, brecciated and silicified, coarse graphite flakes and associated sulphide minerals make up 5% to 10% of the rock, with up to 20% or more in the more brecciated zones.</p> <p>Fuchsite and other iron-rich micas accompany the graphite and sulphide mineralization in the more silicified horizons.</p>
Drill hole Information	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. • 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. 	See tables and / or appendices attached to this report.
Data aggregation methods	<ul style="list-style-type: none"> • 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. • Where aggregate intercepts incorporate short lengths of high grade results and longer 	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.



Criteria	JORC Code explanation	Commentary
	<p><i>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></p> <ul style="list-style-type: none"> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<p>Short intervals of high grade that have a material impact on overall intersection are highlighted separately.</p> <p>None reported.</p>
Relationship between mineralisation widths and intercept lengths	<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 statement to this effect (eg 'down hole length, true width not known').</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>
Diagrams	<ul style="list-style-type: none"> <i>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.</i> 	<p>None included.</p>
Balanced reporting	<ul style="list-style-type: none"> <i>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.</i> 	<p>Results for all sampling completed are listed in Appendix A attached to the body of this report.</p>
Other substantive exploration data	<ul style="list-style-type: none"> <i>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.</i> 	<p>All meaningful and material data is reported.</p>
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<p>Detailed geochemistry and geology mapping to determine trends of known mineralised zones and to delineate other Cg anomalies.</p> <p>Further trenching to determine structural orientation of the mineralised zones.</p> <p>Drilling.</p>