9 May 2017

**The Manager**
**ASX Market Announcements Office**
**20 Bridge Street**
**Sydney NSW 2000**

Dear Sir

**Re-Release of Announcement**

At ASX's request, we are re-releasing yesterday's announcement to include the relevant JORC tables.

Thank you for your assistance in this matter.

Yours faithfully,

<Lodged electronically>
**Norman Grafton**
**Company Secretary**
**Metals Australia Ltd**

**ASX Announcement**

8 May 2017

# Additional EM Conductors Identified at Manindi

**Highlights:**

- **Metals has identified additional significant EM conductors at the Manindi Zinc Project, located in Western Australia**
- **These new conductors known as C3, C4 and C5 were identified following the completion of the high powered and detailed ground EM surveys that were conducted at Manindi during March and April 2017**
- **EM targets C4 and C5 sit parallel and up-plunge respectively to the Kultarr resource but importantly are not part of the resource estimate and are yet to be adequately drill tested**
- **EM target C5 is interpreted as a thick sulphide-rich plate target which sits higher in the stratigraphy and potentially hosts zinc mineralisation closer to surface**
- **Major EM target zone C2, which was confirmed by the high-powered EM survey, is located north of the Kultarr resource where only two drill holes have been completed, both missing the C2 conductor**
- **EM target C3 is located parallel to the Kowari resource and follows the interpreted contact of the felsic and mafic rock units. Importantly it is not part of the resource estimate and previous drilling failed to intersect this large conductor plate**
- **The recently discovered C1 conductor, which was confirmed by the just completed survey, is located between the Kultarr and Kowari resources and is untested by drilling. It is interpreted to be in a stratigraphically higher position than the current resource on the felsic-mafic contact**
- **Metals will begin to drill test these significant additional EM targets in May 2017. The drilling of these EM targets has the potential to extend the strike and link the resource from Kowari in the south to Kultarr in the centre and C2 in the north which would be a strike length of over 1.5km**
- **Zinc spot price is currently around US$2,600/t and is exhibiting strength at this level due to continuing concerns over supply shortages of zinc metal**

Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce the results of the high powered and detailed EM surveys conducted at the Manindi Zinc Project, located in Western Australia.

The Company has identified an additional five highly conductive EM exploration targets that have the potential to host significant zinc mineralisation.

These new EM conductors, known as C3, C4 and C5 are located in areas where historical drilling has not tested these targets. Existing resource estimates have not included these additional target zones.

The Company intends to begin to drill test these significant EM targets in May 2017 with a focused diamond drilling campaign. The drilling of these EM targets has the potential to extend the strike and link the resource from Kowari in the south to Kultarr in the centre and C2 in the north. If drilling is successful, the potential strike length at Manindi would be over 1.5km.

Commenting on the results of the high powered and detailed EM surveys, Gino D'Anna, a Director of Metals, stated:

> *"We have identified five significant EM targets at Manindi. Importantly, none of these EM targets have been adequately drill tested historically and as a result have not been included in any resource estimation at Manindi. This demonstrates that there remains exceptional potential to increase the potential tonnage of the zinc resource and significantly improve the project economics. This is a very important milestone for MLS. Through additional drilling, we now have the opportunity to not only link the separate resource areas and extend the strike length of the deposit to over 1.5 km but also demonstrate that Manindi has the potential to be a substantial stand-alone operation.*
>
> *We are now going to begin to drill test these additional EM target zones through a focused diamond drilling program beginning in May 2017. The results of this drilling program will help set the scene for the next stage of development at Manindi. If the results of the drilling confirm what we believe is there, this will be a game changer for Manindi and indeed MLS."*

## High Powered and Detailed Ground EM Surveys

In April 2017, the Company completed a major program of high powered and detailed ground EM surveys at the Manindi Zinc Project, located in Western Australia. MLS engaged Southern Geoscience to assist with the interpretation of the data collected from the EM surveys.

The surveys were designed to test three separate target areas, including the newly discovered Kultarr "C1" conductor, the areas down-dip and along strike from the Kultarr resource and the Kultarr North "C2" conductor.

Following interpretation of the data from the EM surveys, the Company has now identified five significant EM conductors that offer potential upside to the size, strike length and continuity of the resource at Manindi. This result is better than had been expected, and indicates that significant upside remains at the project.

These five EM targets, known as C1, C2, C3, C4 and C5 are located in different stratigraphic positions and generally follow the interpreted contact zone of the felsic and mafic rock units, which is believed to be the main source of zinc mineralisation.

Previous ground and airborne VTEM surveys did not adequately close-off the highly conductive responses at Kultarr and Kultarr North. This left open the possibility that deeper and stronger conductors exist at depth beneath the current resource. The high powered ground survey was designed to search for these conductors to a depth of approximately 600 metres.

The detailed survey over the newly discovered EM conductors was designed to provide a higher resolution output compared to that of previous surveys. This has facilitated the identification of multiple additional conductive bodies, both on and adjacent to, the previously unexamined felsic-mafic contact.

A ground EM survey was also designed to explore the newly discovered Kultarr North "C2" conductor, which sits approximately 500m NW of the Kultarr resource on the felsic-mafic contact. The results of this survey have provided the Company with additional drill targets.

Previous drilling at Manindi focused on drilling in an East-West direction and did not adequately drill test the potential of this felsic-mafic contact. The recent diamond drilling program completed by MLS in January 2017 confirmed the presence of semi-massive sulphides within this felsic-mafic contact zone and, more significantly, identified zinc mineralisation higher in the stratigraphy within the felsic rocks.

The location of C1, C2 and the new conductor at C3 is illustrated in Figure 1 below. Also shown in the image is the outline of the VTEM survey conductor which demonstrates that resources at Manindi have the potential to link together. The Company plans to begin to drill test these significant EM targets in May 2017 with a focused diamond drilling campaign.

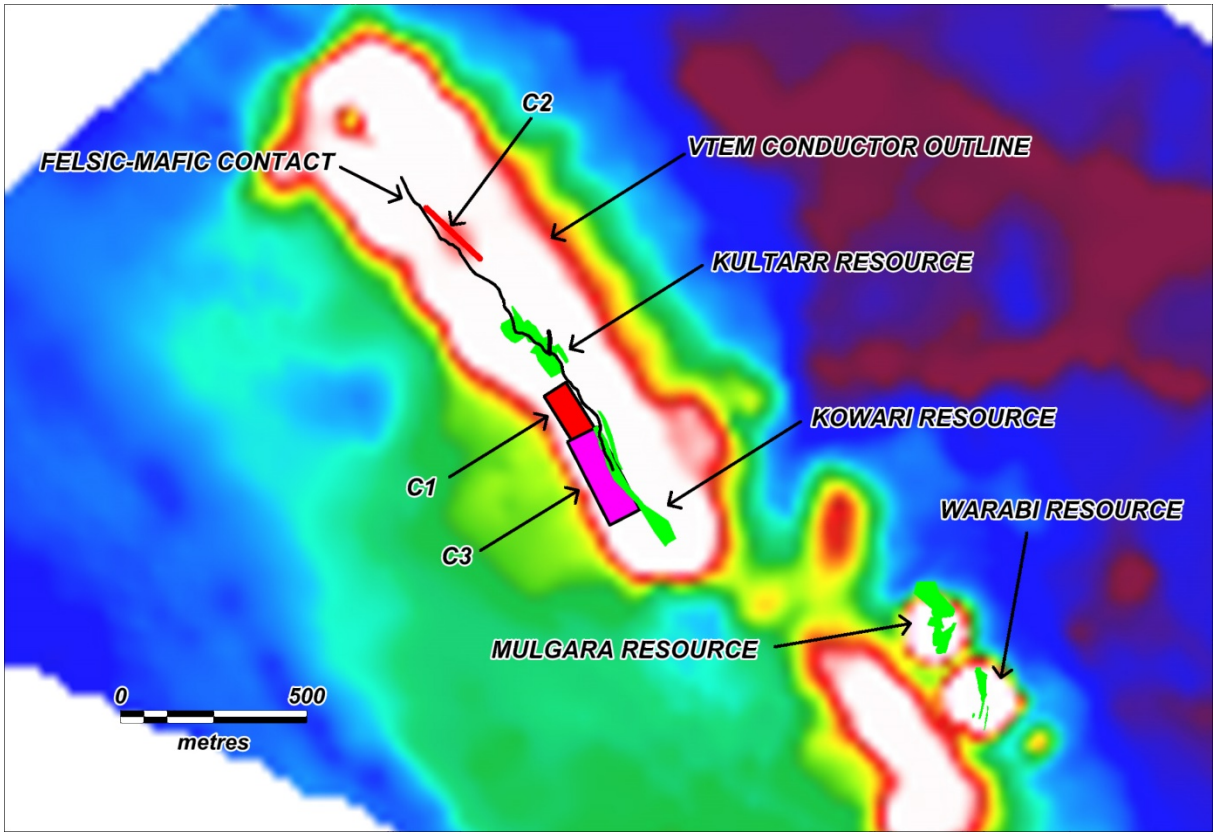


**Figure 1:** EM conductor location map for C1, C2 and C3 at the Manindi Zinc Project. Also shown is the VTEM conductor outline and the ore shells for the existing resources at Kultarr, Kowari, Warabi and Mulgara. The felsic-mafic contact is also plotted

On the basis that this focused diamond drilling program, that will begin in May 2017 is successful, the Company plans to follow up with additional diamond drilling in the target zones that yield the best results. A successful drilling campaign will assist in setting Manindi up for its next stage of development and will be designed to demonstrate the upside potential that exists in increasing the existing resource tonnage which will in turn significantly improve project economics.

The location of the C1, C2 and C3 conductors in 3D model view is outlined in Figure 2 below.

The C2 conductor is located north of the Kultarr resource where only two historic drill holes have been completed, with both missing the main conductor.

Target conductor C3 is located parallel to the Kowari resource and follows the interpreted contact of the felsic and mafic rock units but importantly is not part of the resource estimate and historical drilling has failed to intersect this large conductor plate

The recently discovered C1 conductor is located along strike of the Kowari resource and is untested by drilling, interpreted to be in a stratigraphically higher position than the current resource.

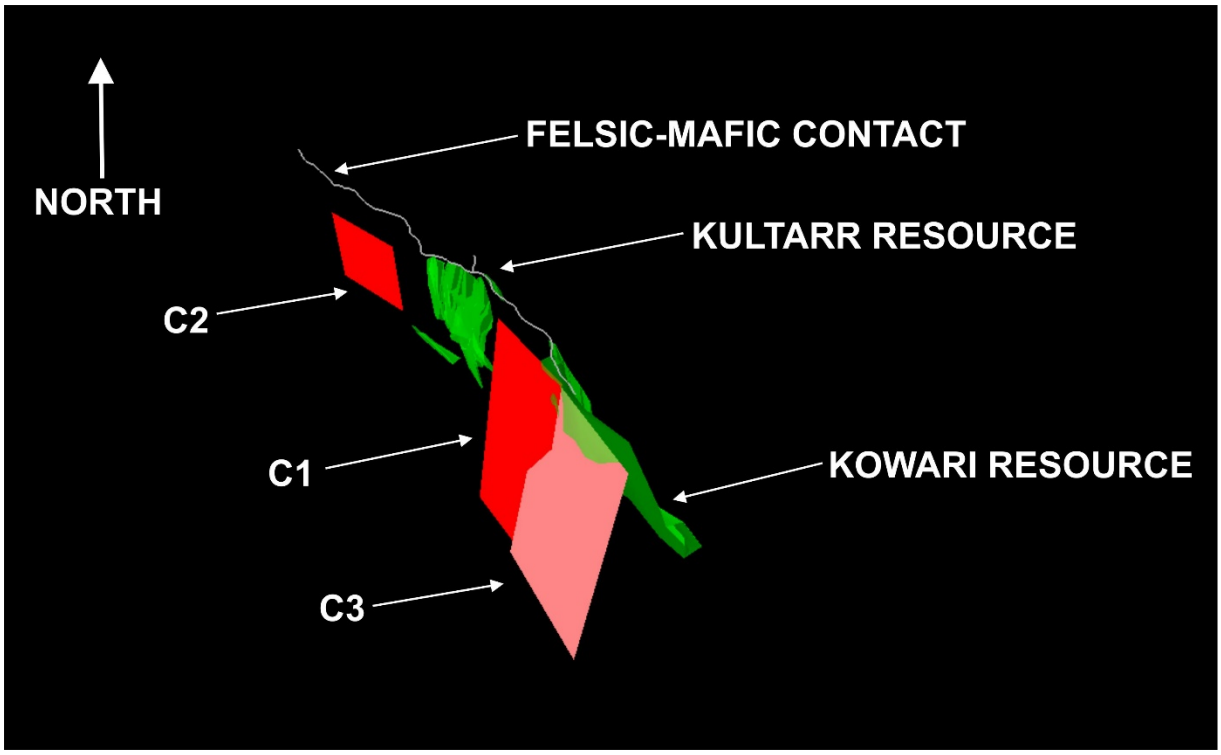


**Figure 2:** 3D model view of the C1, C2 and C3 conductors. Also plotted is the resource at Kultarr and the resource at Kowari as well as the felsic-mafic contact

The location of the C2, C4 and C5 conductors in 3D model view is outlined in Figure 3 below.

The C4 and C5 conductor targets sit parallel and up-plunge respectively to the Kultarr resource but importantly are not part of the resource estimate and have not been adequately drill tested historically.

In addition, EM conductor target C5 is interpreted as a thick sulphide-rich plate target which sits higher in the stratigraphy and potentially hosts zinc mineralisation closer to surface.

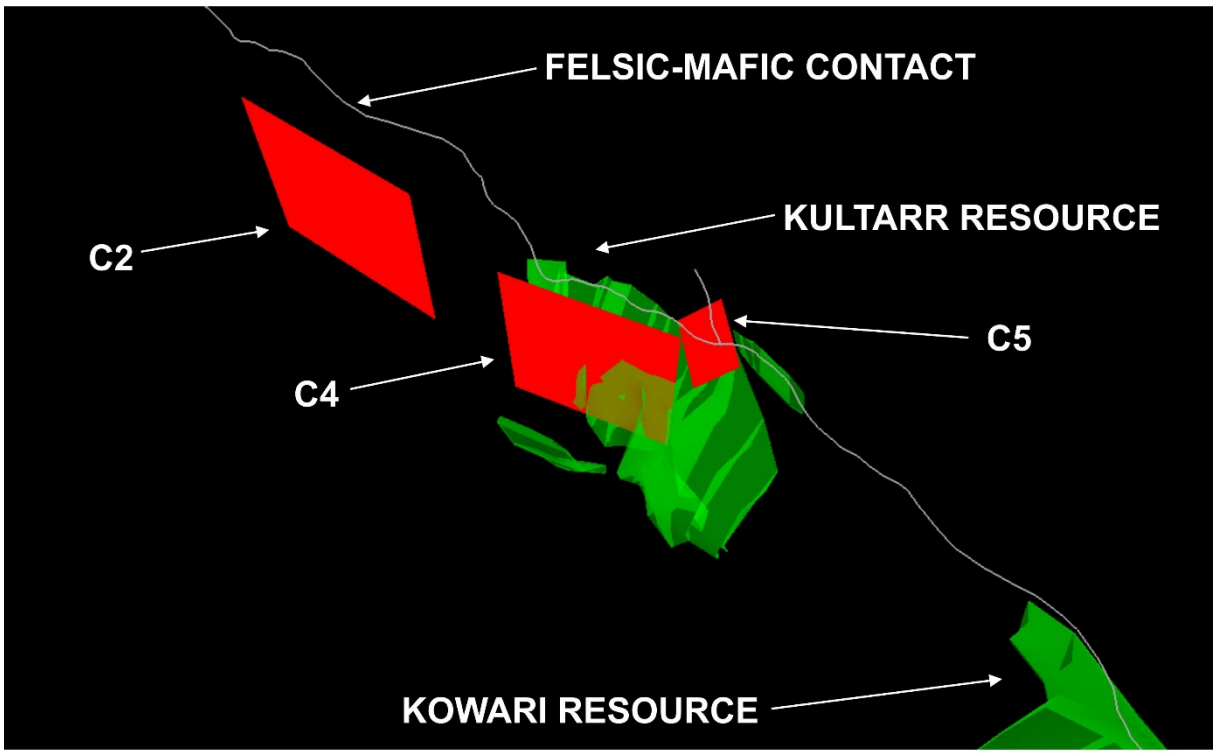


**Figure 3:** 3D model view of the C2, C4 and C5 conductors. Also plotted is the resource at Kultarr and the resource at Kowari as well as the felsic-mafic contact

## Summary

The Company is extremely pleased with the results of the high powered and detailed ground EM surveys at Manindi which has led to the discovery of conductors at C1, C2, C3, C4 and C5.

The Company believes that the tonnage of the existing resource base at Manindi should be able to be substantially increased by further drilling.

Metals looks forward to continuing its drilling campaign at Manindi focused on substantially increasing the resource base in the near future.

**ENDS**

**For more information, please contact:**

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Metals Australia Ltd
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**Competent Person Statement**

The information in this announcement relating to geology, exploration results and the mineral resource estimate is based on information compiled by Mr Dean Goodwin, who is a consultant to Metals Australia Ltd. Mr Goodwin is a member of The Australian Institute of Geoscientists, a Recognised Professional Organisation by the Australian Joint Ore Reserves Committee, and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Mr Goodwin consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition TABLE 1
*Section 1 – Sample Techniques and Data*

| ***Criteria*** | ***Explanation*** |
|---|---|
| ***Sampling techniques*** | Sampling includes diamond core, rockchip, ground electromagnetic surveys and high-powered magnetic surveys (moving loops).<br><br>Exploration results are based on industry best practices, including sampling, assay methods, and appropriate quality assurance quality control (QAQC) measures.<br><br>Southern Geoscience was engaged to undertake detailed ground electromagnetic surveys and high-powered magnetic surveys at Manindi to test for additional conductive zones that have the potential to host additional zinc mineralisation.<br><br>An airborne Versatile Time-Domain Electromagnetic (VTEM) survey was complete over the Manindi Zinc Project in 2012 using 100m spaced survey lines.<br><br>Downhole Time-domain Electromagnetic (DHTEM) surveys were conducted in drill holes MND055 and MND057 in 2017 using 5 and 10m station spacing. |
| ***Drilling techniques*** | Not applicable, no drilling was carried out.<br><br>A detailed electromagnetic and high-powered magnetic surveys were completed. |
| ***Drill sample recovery*** | Not applicable. |
| ***Logging*** | All logging is completed according to industry standard practice. Logging is completed using standard logging templates. The resulting data is uploaded to a Datashed database and validated. Once validated, the data is exported to modelling software for visual validation and interpretation.<br><br>All field descriptions are qualitative in nature |
| ***Sub-sampling techniques and sample preparation*** | For all sample types, the nature, quality and appropriateness of the sample preparation technique is considered suitable as per industry best practice.<br><br>No sampling was done as a result of the detailed electromagnetic and high-powered magnetic surveys that were completed. |
| ***Quality of assay data and laboratory tests*** | No assay analysis was completed in this program.<br><br>Laboratories inserted their own standards and blanks at random intervals and to confirm high grade results. |
| ***Verification of sampling and assaying*** | All data is validated using the QAQCr reporter validation tool with Datashed. Visual validations are then carried out by senior staff members.<br><br>All EM survey data is recorded digitally and sent in electronic format to Southern Geoscience Consultants for quality control and evaluation. |
| ***Location of data points*** | Station positions were recorded with a handheld GPS system with expected accuracy of +/- 5m horizontal and +/ 10m vertical. |

| | |
|---|---|
| | Radar-altitude data are used to circulate mean terrain clearance of airborne survey platforms. Topographic control is based on GPS heights and radar-altimeter data from airborne magnetic and electromagnetic surveys.<br><br>The Grid system used is GDA94 datum, MGA zone 50 projection |
| ***Data spacing and distribution*** | Diamond drill hole samples were composited to a nominal 1.0 m down-hole intervals for resource modelling.<br><br>The data spacing and distribution is not sufficient to establish the degree of geological and grade continuity to appropriate for Mineral Resource estimation purposes.<br><br>Samples have not been composited. |
| ***Orientation of data in relation to geological structure*** | Not applicable |
| ***Sample security*** | All samples remain in the custody of company geologists, and are fully supervised from point of field collection to laboratory drop-off. |
| ***Audits and reviews*** | No audits or reviews have been undertaken |

*Section 2 – Reporting of Exploration Results*

| ***Criteria*** | ***Explanation*** |
|---|---|
| ***Mineral, tenement and land tenure status*** | The Company controls an 80% Interest in three granted Mining Licences in Western Australia covering the known mineralisation and surrounding area. The licences are M57/227, M57/240 and M57/533. The licence reports and expenditure are all in good standing at the time of reporting. There are no known impediments with respect to operate in the area. |
| ***Exploration done by other parties*** | The deposits were identified by WMC in the early 1970s and have been extensively explored using surface and geophysical techniques prior to drilling. Mapping and soil geochemistry preceded airborne and surface geophysical technique being applied to the project.<br><br>The project has been drilled in 8 separate drill programs since 1971, with 389 holes having been completed. These include 109 diamond drill holes, 105 RC drill holes, 169 RAB drill holes and 8 percussion holes (. The deposits have never been mined. |
| ***Geology*** | The mineralisation at Manindi is hosted within an Archaean felsic and mafic volcanic sequence. The sequence has been extensively deformed by regional metamorphism and structural event related to the Youanmi Fault and emplacement of the Youanmi gabbro intrusion and other later granitic phases. The Manindi zinc-copper mineralisation is considered to be a volcanogenic massive sulphide (VMS) zinc deposit, comprising a series of lenses of zinc-dominated mineralisation that have been folded, sheared, faulted, and possibly intruded by later dolerite and gabbro.<br><br>Pegmatites that are prospective for lithium, caesium and tantalum (LCT). |
| ***Drillhole information*** | Not applicable. |

| | |
|---|---|
| ***Data aggregation methods*** | All exploration results are reported by a length weighted average. This ensures that short lengths of high grade material receive less weighting than longer lengths of low grade material.<br><br>No metal equivalent values reported. |
| ***Relationship between mineralisation widths and intercept lengths*** | The mineralisation at Manindi is complex in nature but confined to a series of approximately N-S striking zones located east of a gabbroic intrusion. The overall zone of lower grade mineralisation appears to be strata-bound following the complex N-S stratigraphy. Higher grade zones of zinc mineralisation are located within the lower grade envelope and these have more varying orientations. Overall the zone is steeply dipping to the west, A majority of the holes drilled to date dip steeply to the west and as such intersect the mineralisation at low angles. A smaller portion of the holes are drilled towards the east and intersect the mineralisation at high angles, resulting in close to true thickness intersections. |
| ***Diagrams*** | A series of relevant diagrams are included in the body of the announcement. |
| ***Balanced reporting*** | All relevant results are reported. |
| ***Other substantive exploration data*** | This announcement contains the results of airborne magnetic and electromagnetic surveys as follows:<br><br>Airborne Versatile Time-Domain Electromagnetic (VTEM) Survey (GEOTECH – MARCH 2012)<br><br>• 75m and 100m line spacing and 42m mean terrain clearance<br>• 25 Hz Base Frequency<br>• Peak dipole moment 392,887 NIA<br>• Z and X component dBdt and B field datasets<br><br>Down-hole Time-domain Electromagnetic (DHTEM) Survey (GEM Geophysics)<br><br>• 5m and 10m station spacing<br>• 200m x 200m TX Loop, 35A TX current<br>• SmarTEM 24 Receiver<br>• Zonge ZT-30 Transmitter<br>• BH-43 Coil Sensor<br>• A, U and V component readings at each station |
| ***Further work*** | Metals Australia Ltd plans to conduct further drilling. |