



METAL**TECH**

Resourcing a cleaner greener future

ASX:MTC

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### Cancel Lithium Project

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, as applicable, is based on information compiled by Mr. Darren L. Smith, P. Geol., a Competent Person who is a Professional Geologist registered with L'Ordre des géologues du Québec, in Canada. Mr. Darren L. Smith, P. Geol., is an employee of Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, MetalsTech Limited. Mr. Darren L. Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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. Darren L. Smith consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

### Bay Lake Cobalt Project

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Neil McCallum, PGeo, is a Competent Person who is a Professional Geologist registered with the Association of Professional Geoscientists of Ontario, in Canada. Mr. Neil McCallum, PGeo, is an employee of Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, MetalsTech Limited. Mr. Neil McCallum has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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. Neil McCallum consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Mr. Neil McCallum has reviewed the historical exploration results that are contained in this announcement and has validated the source of the historical information. Mr. Neil McCallum is satisfied with its inclusion in the form and context in which it appears in this announcement.

# Executive Summary



- **Hard rock lithium and cobalt** exploration company with a portfolio of high grade assets in Quebec and Ontario (Canada)
- Cancet Lithium Project boasts potential to deliver a **high grade, near surface** lithium mine
- Initial metallurgical testing demonstrates **battery grade spodumene concentrate** could be produced from 10mm crush indicating **simple low cost DMS gravity separation**
- **Excellent project infrastructure** and access to some of the lowest cost and cleanest hydro-power globally
- **Highly vested management team** with a track record in building world class projects
- Considering **spinout of cobalt assets** into separate listed vehicle with fresh capital, new management and a mandate for cobalt focus

ASX Listing February 2017

Share Price \$0.09

Shares undiluted 82,210,850

Options 20-25 cent strike 15,900,000

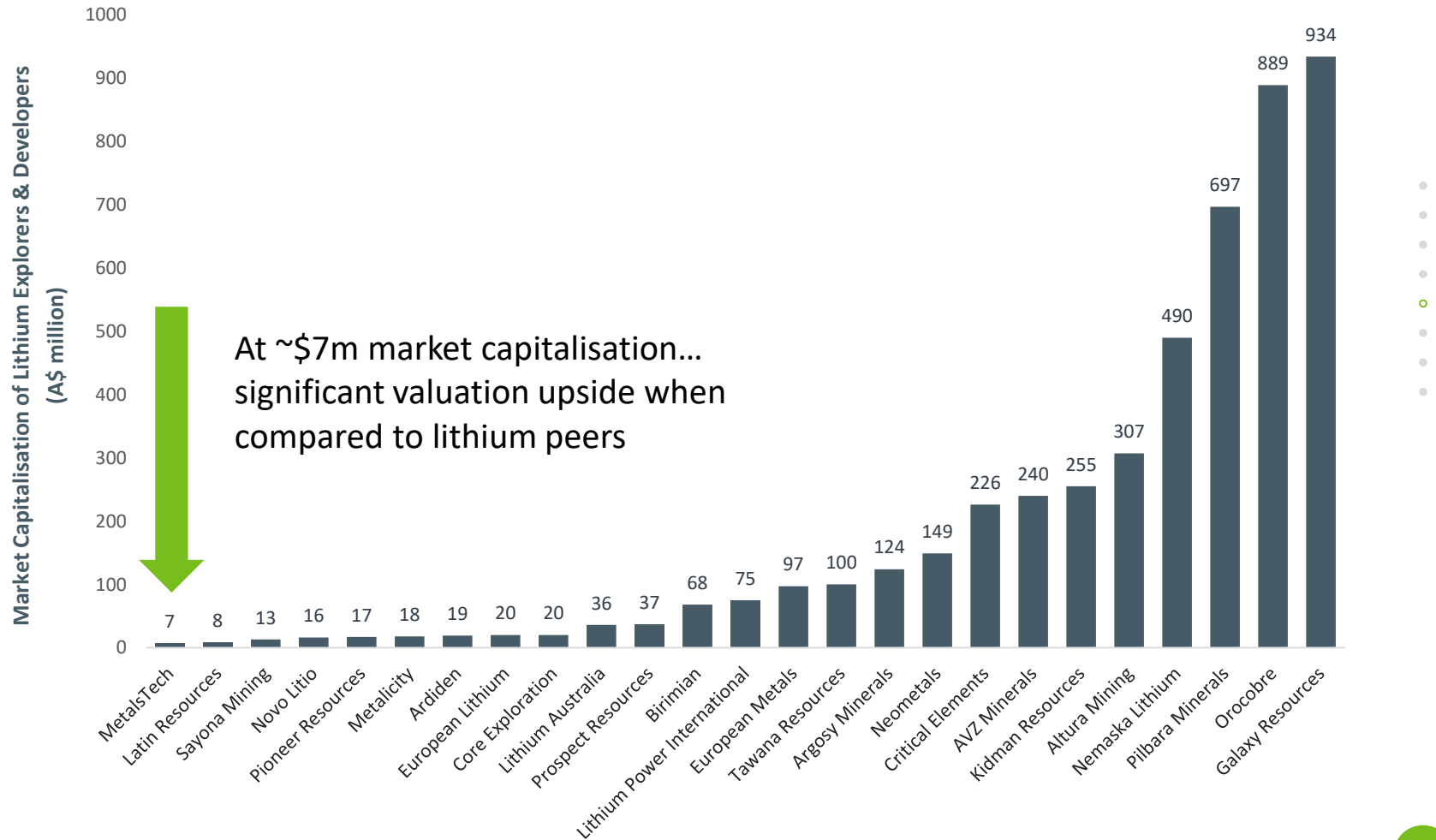
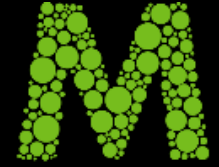
Market Capitalisation \$7.4m

Top Shareholders

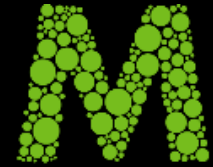
--- Board & Management 36%

--- Top 20 Shareholders 69%

# Peer Comparison



# World Class Potential



Company	Area	Project	Size (Mt)	Li <sub>2</sub> O Grade	Stage	Contained Li <sub>2</sub> O (Kt)
Kidman Resources	WA	Earl Grey	128.0	1.44%	Resources	1843
Neometals	WA	Mt Marion	77.8	1.37%	Resources	1066
Pilbara Minerals	WA	Pilgangoora	80.3	1.27%	Reserves	1020
Prospect Resources	Zimbabwe	Arcadia	34.9	1.42%	Reserves	496
Birimian	Mali, Africa	Goulamina	32.9	1.37%	Resources	451
Nemaska Lithium	Canada	Whabouchi	27.3	1.46%	Reserves	399
Critical Elements	Canada	Rose Bay	37.2	0.95%	Resources	353
Altura Mining	WA	Pilgangoora	30.1	1.04%	Reserves	313
Galaxy Resources	Canada	James Bay	23.0	1.20%	Resources	276
Galaxy Resources	WA	Mt Cattlin	16.0	1.08%	Resources	173
Tawana Resources	WA	Bald Hill	12.8	1.18%	Resources	151
European Lithium	Austria	Wolfsberg	11.0	1.00%	Resources	110
Sayona Mining	Canada	Authier	10.2	1.02%	Reserves	104
Dakota Minerals	Portugal	Sepeda	10.3	1.00%	Resources	103



Source: Peer Comparison, Various Company Websites

Independent JORC Exploration Target pending....

# Upcoming Value Catalysts



## High Grade Lithium

Cancel



- Representative metallurgy and mineralogy testing and carbonate/hydroxide production simulation
- Phase II resource drilling
- Maiden JORC Resource
- Scoping Study/Preliminary Economic Assessment
- Offtake and strategic partnership discussions



## High Grade Cobalt

Bay Lake



- Potential 'spinout' of high grade cobalt assets into listed vehicle with fresh capital, new management and a mandate for cobalt focus
- Maiden drilling
- Further M&A of cobalt projects within town of Cobalt

STRATEGIC FINANCING... AIMING TO BE “DEAL-READY” BY 2018

# Proven Team



## **Russell Moran** – *Executive Chairman*

- Proven resources investor and operator with a track record of development success in Canada.
- Founder and former Executive Director of North American anthracite mine developer Atrum Coal (ASX:ATU).

## **Gino D'Anna** – *Executive Director*

- Extensive experience in resource exploration, public company operations, administration and financial management.
- Particular experience in Canadian Government and First Nations relations in the mining sector.
- Former Executive Director of Atrum Coal.

## **Michael Velletta** – *Non-Executive Director*

- More than 20 years' experience in corporate law and corporate governance.
- A member of the Association of International Petroleum Negotiators, the Law Society of British Columbia and past governor of the Trial Lawyers Association of British Columbia.

## **Shane Uren** – *Non-Executive Director*

- Environmental Assessment (EA) experience includes; BHPs Ekati Diamond Mine, Cambior's Rosebel Mine, Inco Ltd.'s Goro Project, Novagold's Galore Creek Project, Thompson Creek Metal's Davidson Project, Atrum Coal's Groundhog Project and Copper Fox Metal's Schaft Creek Mine.

## Consultants:

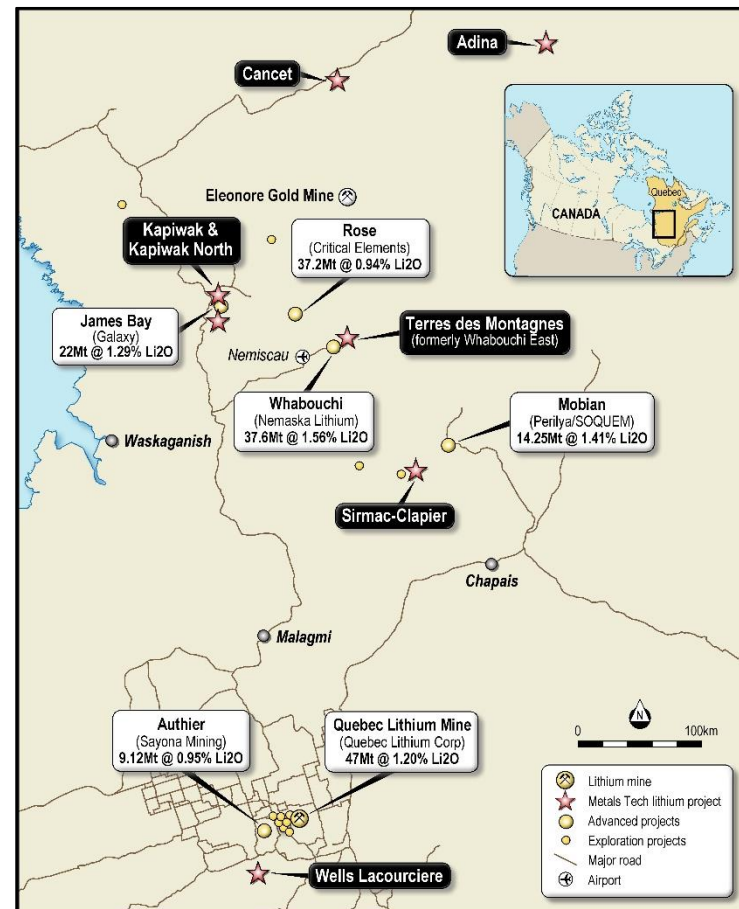


# Why Canada?



## Highlights

- Highly developed mining industry
- Supportive government – tax incentives and efficient permitting
- Host to large high-grade lithium deposits in Quebec and high grade cobalt deposits in Ontario
- Access to hydropower – cheapest and cleanest globally
- Fraser Institute – top rated mining jurisdiction
- Major offtake opportunities within North America
- Clear path to indigenous consultation and collaboration

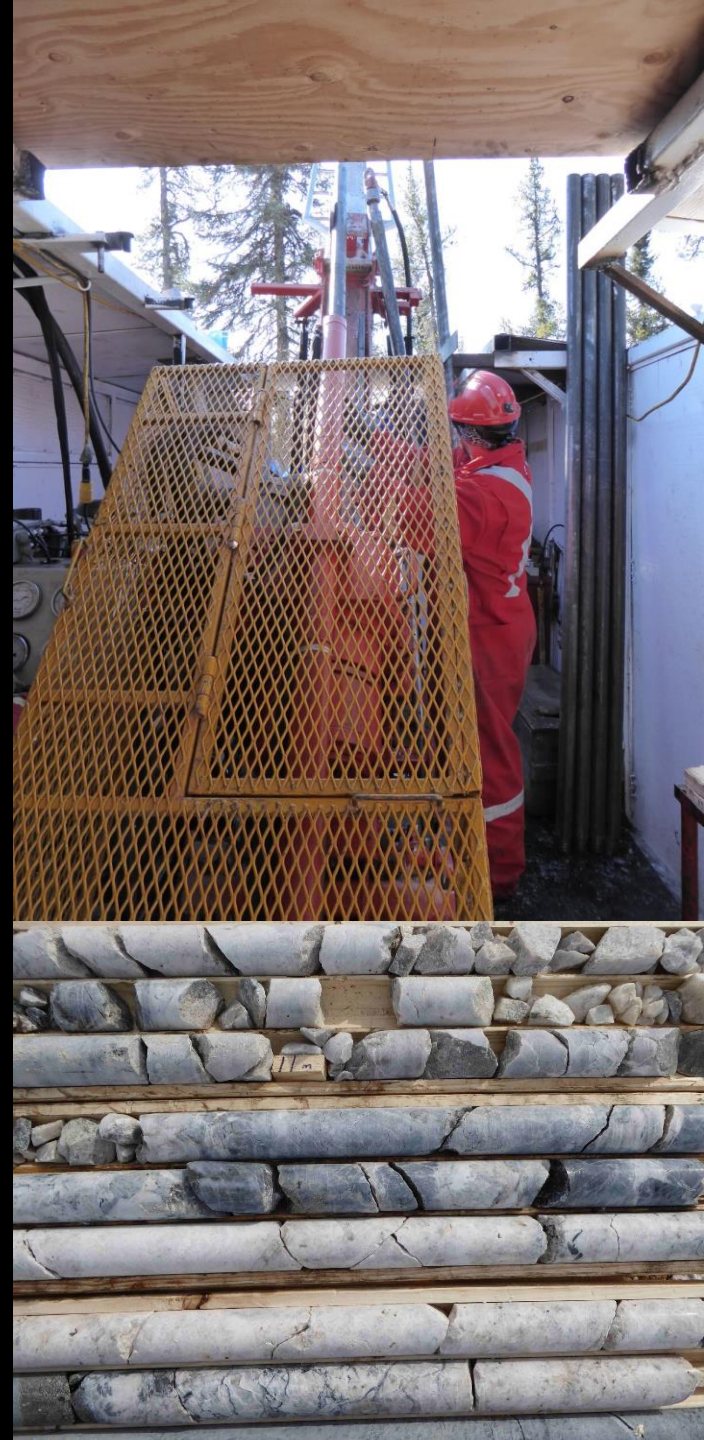


MTC Lithium Project Locations

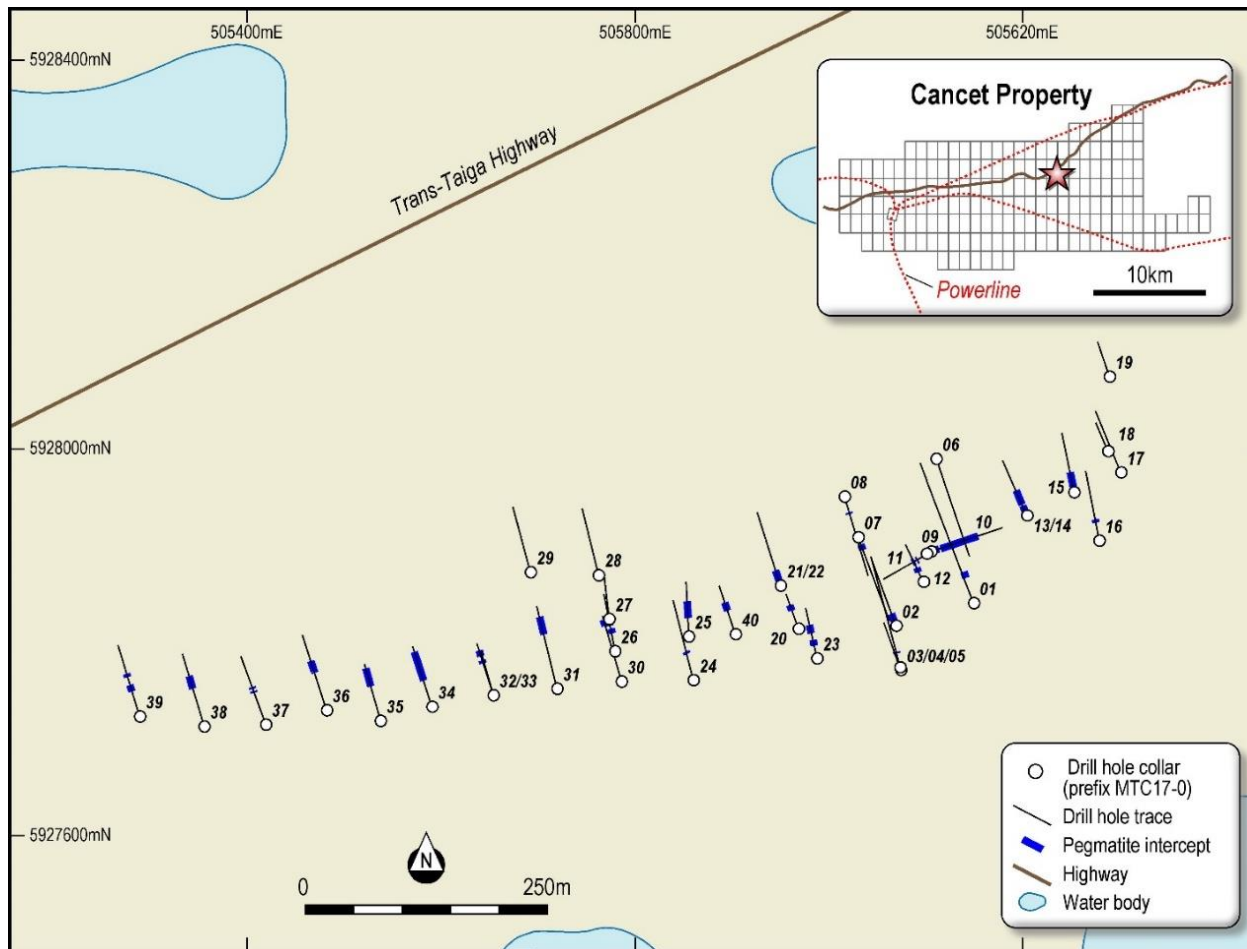


# CANCET

## LITHIUM PROJECT

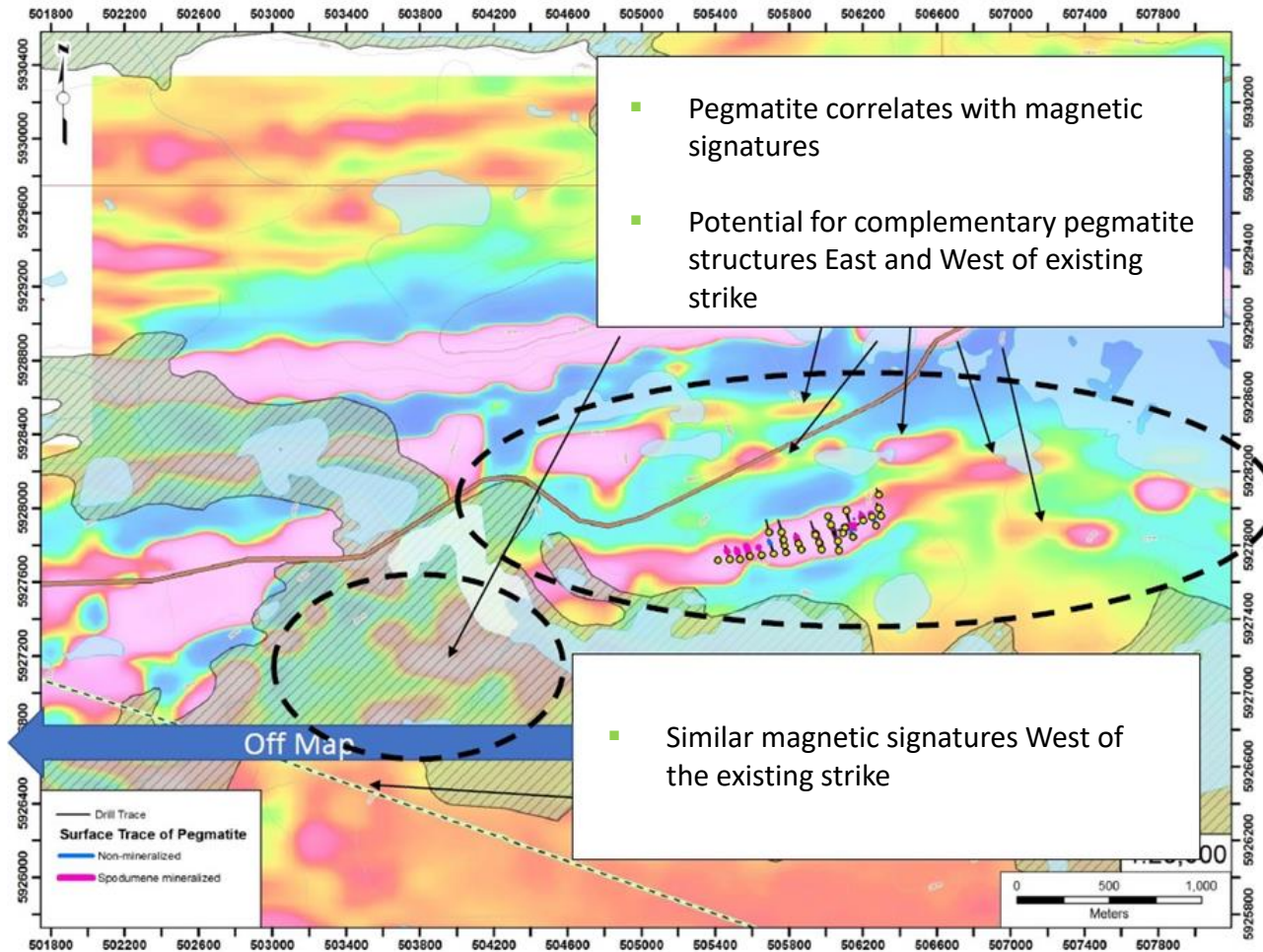


# Phase I Drilling



- 1.2km of strike and growing
- 300m from major highway
- 4km from powerlines supplying low-cost hydropower
- Extensive water supply

# World Class Potential



# Shallow High Grade Drill Intersections



Assays indicate very high grade shallow deposit potential

DDH ID	From (m)	To (m)	Interval (m)	Li2O (%)	Ta2O5 (ppm)	Comments
MTC17-002	9.00	14.08	5.08	2.63	298	4.89% Li2O assay high
MTC17-009	4.02	5.00	0.94	1.78	140	
MTC17-010	4.00	8.00	4.00	1.09	65	
	18.00	32.00	14.00	1.06	96	
	38.00	72.00	34.00	0.41	444	970 ppm Ta2O5 assay high
Incl.	50.00	56.00	6.00	1.72	545	4.50% Li2O assay high
MTC17-011	1.00	4.00	3.00	2.93	130	
MTC17-012	19.00	19.98	0.98	1.63	110	
MTC17-013	18.12	34.00	15.88	1.82	171	
Incl.	25.00	30.00	5.00	2.88	126	4.61% Li2O assay high
MTC17-014	21.00	31.00	10.00	2.67	333	5.92% Li2O assay high
MTC17-015	8.00	26.00	18.00	3.14	284	
Incl.	12.00	17.00	5.00	4.12	118	5.94% Li2O assay high
Incl.	18.00	26.00	8.00	3.69	458	5.02% Li2O assay high
MTC17-020	30.45	36.70	6.25	3.58	332	5.55% Li2O assay high
MTC17-021	5.00	26.46	21.46	2.24	310	
Incl.	15.00	26.46	11.46	3.23	562	6.61% Li2O assay high
or	18.00	26.46	8.46	3.50	746	2,000 ppm Ta2O5 assay high
MTC17-022	6.00	23.00	17.00	2.06	327	3,490 ppm Ta2O5 assay high
Incl	6.00	14.15	8.15	3.44	558	5.55% Li2O assay high
MTC17-023	22.59	27.83	5.24	1.37	191	2.33% Li2O assay high
MTC17-025	40.98	52.00	11.02	2.93	317	5.17% Li2O assay high
or	45.64	53.58	7.94	2.25	367	Ta interval
MTC17-034	69.67	76.87	7.20	0.02	470	2.26% Li2O assay high, 5,440 ppm Ta2O5 assay high
MTC17-035	55.58	72.78	17.20	0.10	171	0.53% Li2O assay high, 380 ppm Ta2O5 assay high
MTC17-038	59.82	66.86	7.04	0.00	176	
MTC17-040	41.00	46.00	5.00	2.56	92	4.97% Li2O assay high

## PHASE II DRILLING WILL SUPPORT MAIDEN RESOURCE DEFINITION

- (1) True widths of intersections are not known
- (2) All samples were analysed by Activation Laboratories at their facility in Ancaster, ON for lithium, base, and trace elements using the 1F2 Li Ore package (4 Acid ICP-OES), with tantalum analysed by XRF



# Outstanding Metallurgy



## Drill Core Metallurgy

- Metallurgical test work on 100kg composite drill core sample confirms high grade spodumene in the pegmatite ore body at Cancet
- Heavy Liquid Separation (HLS) tests on composites crushed to 10mm and 5.6mm showed that Dense Media Separation (DMS) at **SG 2.8 could recover 89% to 91% of the lithium at a grade of >6.4% Li<sub>2</sub>O in 19% of the DMS mass** or 16.6% of the overall feed mass.
- These results show a very high recovery at a coarse crush size is achievable.
- Simple processing could mean significantly **lower CAPEX and OPEX** against peers as well as shorter commissioning time
- Coarse grain premium concentrate** – preferred by offtake partners
- Elevated Ta<sub>2</sub>O<sub>5</sub>** across the deposit

## Results

- High Grade Composite (**2.35% Li<sub>2</sub>O**) produced a concentrate grade of **6.41% Li<sub>2</sub>O** from 10mm crush indicating simple low cost DMS gravity separation at SG 2.8 will **recover 97% of the lithium in 35% of the DMS mass**
- Mid Grade Composite (**1.54% Li<sub>2</sub>O**) produced a concentrate grade of **6.12% Li<sub>2</sub>O** from 10mm crush indicating DMS gravity separation at SG 2.8 will recover **95% of the lithium in 24% of the DMS mass**
- Low Grade Composite (**1.06% Li<sub>2</sub>O**) produced a concentrate grade of **5.90% Li<sub>2</sub>O** from 10mm crush indicating DMS gravity separation at SG 2.8 will recover **92% of the lithium in 16% of the DMS mass**
- Cancet hosts a clean pegmatite with **low iron oxide in assayed drill samples (0.5% to 0.8% Fe<sub>2</sub>O<sub>3</sub>)** – producing a high purity coarse grain premium spodumene concentrate

Cancet metallurgical testwork compares favourably against other advanced lithium projects

# Outstanding Metallurgy



## High Grade Composite (2.35% Li<sub>2</sub>O)

SG Fraction	Mass Yield %	Assay % Li <sub>2</sub> O	Lithium Department
3.0 sink	29.89%	6.84%	86.68%
3.0 float	2.73%	5.28%	6.10%
2.95 float	0.92%	4.46%	1.75%
2.9 float	2.18%	2.91%	2.69%
2.8 float	3.89%	1.20%	2.00%
2.7 float	45.00%	0.038%	0.73%
2.6 float	15.32%	0.007%	0.05%
2.5 float	0.07%	0.43%	0.01%

## Mid Grade Composite (1.54% Li<sub>2</sub>O)

SG Fraction	Mass Yield %	Assay % Li <sub>2</sub> O	Lithium Department
3.0 sink	18.74%	6.76%	82.46%
3.0 float	1.79%	5.15%	5.98%
2.95 float	0.80%	3.90%	2.04%
2.9 float	2.46%	2.72%	4.36%
2.8 float	5.02%	1.13%	3.68%
2.7 float	54.37%	0.04%	1.45%
2.6 float	16.62%	0.002%	0.02%
2.5 float	0.20%	0.06%	0.01%

## Low Grade Composite (1.06% Li<sub>2</sub>O)

SG Fraction	Mass Yield %	Assay % Li <sub>2</sub> O	Lithium Department
3.0 sink	11.55%	6.82%	74.41%
3.0 float	1.91%	5.08%	9.19%
2.95 float	0.84%	4.40%	3.50%
2.9 float	2.22%	2.40%	5.02%
2.8 float	5.37%	1.02%	5.17%
2.7 float	63.11%	0.04%	2.50%
2.6 float	14.83%	0.009%	0.13%
2.5 float	0.16%	0.49%	0.07%

### HG 3.0 SINK



### HG 2.6 FLOAT



# Strategic Portfolio in Quebec



## **Adina** (100%)

- 2016 exploration program hit  $\text{Li}_2\text{O}$  grades of 1.58%, 1.67%, 2.43%, 1.79%, 3.12% and 2.08% from surface

## **Terre Des Montagnes** (100%)

- Contiguous with Nemaska Lithium (TSX.NMX) Whabouchi Mine which hosts a resource of 43.8Mt @ 1.46%  $\text{Li}_2\text{O}$

## **Wells Lacourciere** (100%)

- 200m<sup>2</sup> bulk sample site containing assays of 2.87% to 4.0%  $\text{Li}_2\text{O}$  with individual samples up to 7%  $\text{Li}_2\text{O}$

## **Kapiwak** (100%)

- Contiguous with the James Bay Lithium Deposit owned by Galaxy Resources which hosts 22.2Mt @ 1.28%  $\text{Li}_2\text{O}$

## **Sirmac-Clapier** (100%)

- Along strike of the NNE trend between the Sirmac deposit grading at 2.04%  $\text{Li}_2\text{O}$  and the Lac Clapier-Nord surface occurrence grading 1.38%  $\text{Li}_2\text{O}$

# MARKETS

LITHIUM & COBALT





# Lithium

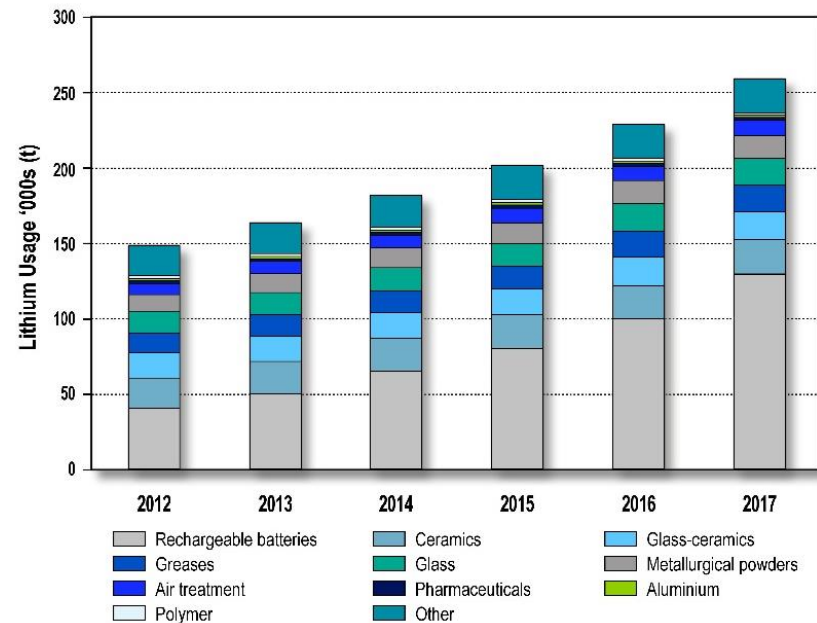


## Lithium Uses

- Industrial grade >96% Li; glass, casting powders and greases
- Technical grade 99.5% Li; ceramics, greases and batteries
- Battery grade >99.5% Li; high end battery cathode materials

## Demand

- Current demand is estimated at 160kt LCE with most market commentators expecting annual growth around 10%
- According to Goldman Sachs lithium demand for all EV applications could grow more than 11x by 2025, adding more than 310,000mt of LCE demand



Source: Roskill – Lithium Market Outlook to 2017

GOLDMAN SACHS PREDICTS **11 TIMES** GROWTH IN ELECTRIC VEHICLE DEMAND BY 2025



# Lithium



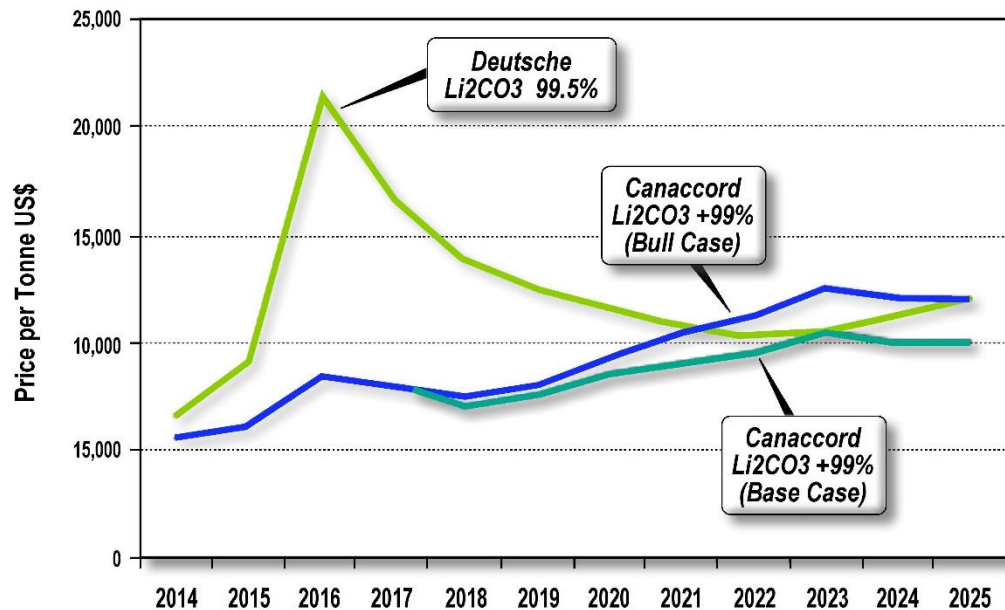
## Supply

- 40% of global lithium supply comes from hard rock (as opposed to brine) sources
- Highly concentrated market with four major plays accounting for 85% of global supply; SQM, Albermarle, FMC Corp and Talison

STRONG PRICING  
WITH CONSUMERS  
DESPERATE FOR  
SUPPLY DIVERSITY

## Pricing

- Contract prices for battery grade material exceed USD\$7,000/t
- CRU reports that battery grade material is trading at more than USD\$20,000/t on the Chinese spot market



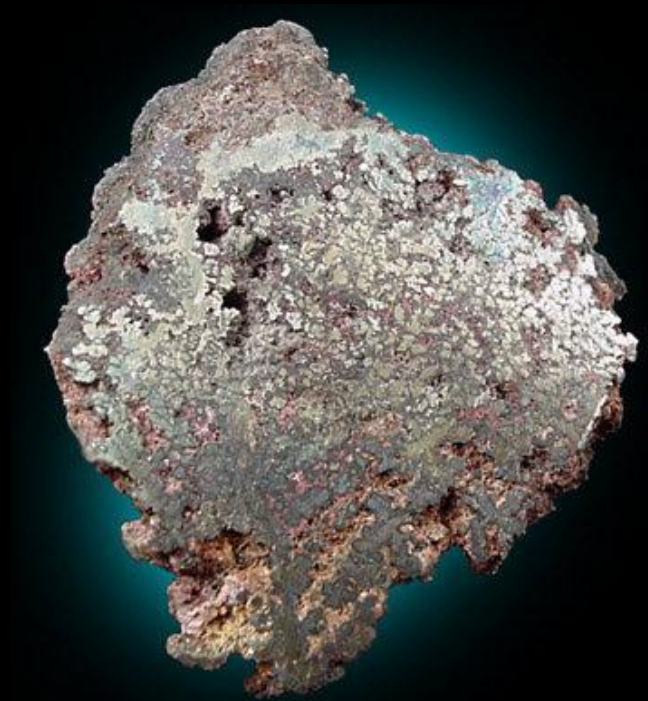
Source: Orocobre, Deutsche Bank, Canaccord

# iCOBALT

Proposed ASX-Spinout of High Grade Cobalt Assets from MetalsTech Limited (ASX:MTC)

## Rationale

- MTC is focused on its flagship Cancet Lithium Project in Quebec, Canada
- Lithium focused investors are not the same as cobalt focused investors
- In order to maximise Return on Equity, MTC must have focus
- Bay Lake has the potential deliver a company-making high grade cobalt project
- Spinout nameplated “iCobalt” could provide MTC shareholders with a significant ‘dividend’ by way of free interest in a pure play cobalt venture as well as through a Priority Offer
- iCobalt will have separate executive management, fresh capital and a clear mandate for cobalt focus



# EXECUTIVE SUMMARY

- **Spinout** of MetalsTech Limited (ASX:MTC) high grade cobalt assets in Ontario, Canada
- MTC Shareholders to receive a **Priority Offer** in IPO as well as a proposed **in-specie distribution** following listing
- **100% owned** Bay Lake High Grade Cobalt Project boasts:
  - Substantial circa **3,200 Ha** project area near Town of Cobalt targeting cobalt-rich Nipissing diabase
  - Rare to see such **high grade cobalt targets** outside of DRC
  - **>15% Co** sampled from historical mine shafts and **>2% Co** sampled from surface dumps adjacent to adits
  - **Exciting neighborhood** and only 5km from ASX-listed Cobalt One Limited (ASX:CO1)
- Excellent project infrastructure and access to some of the lowest cost and cleanest gas and hydro-power globally
- Drill-ready

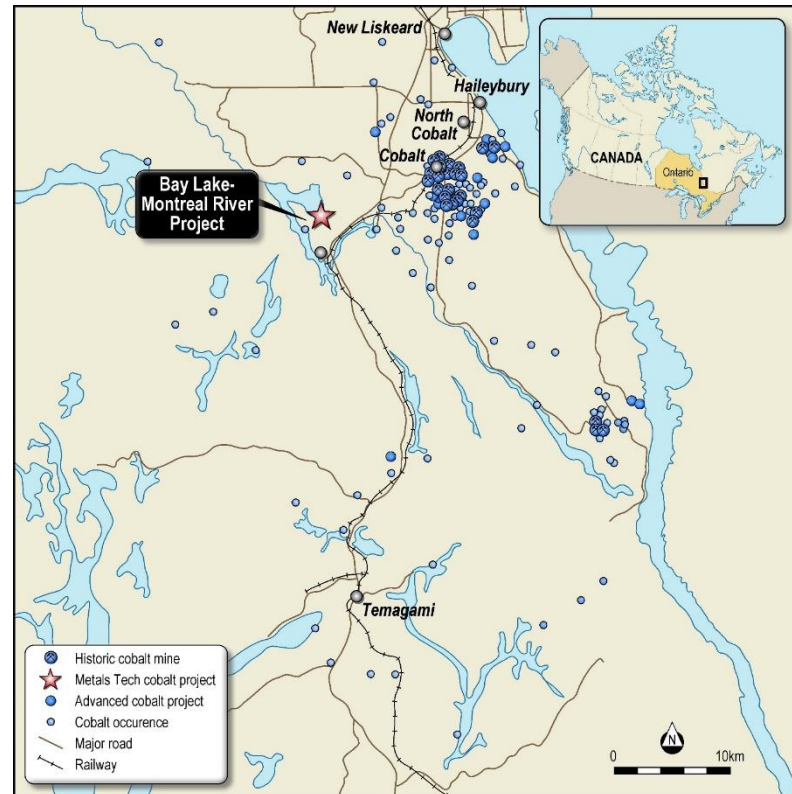


**Image:** High grade *Cobalt Bloom* at Bay Lake, noted by the pink colouration on the rock sample.

**Seeking out further M&A opportunities in the high grade cobalt sector**

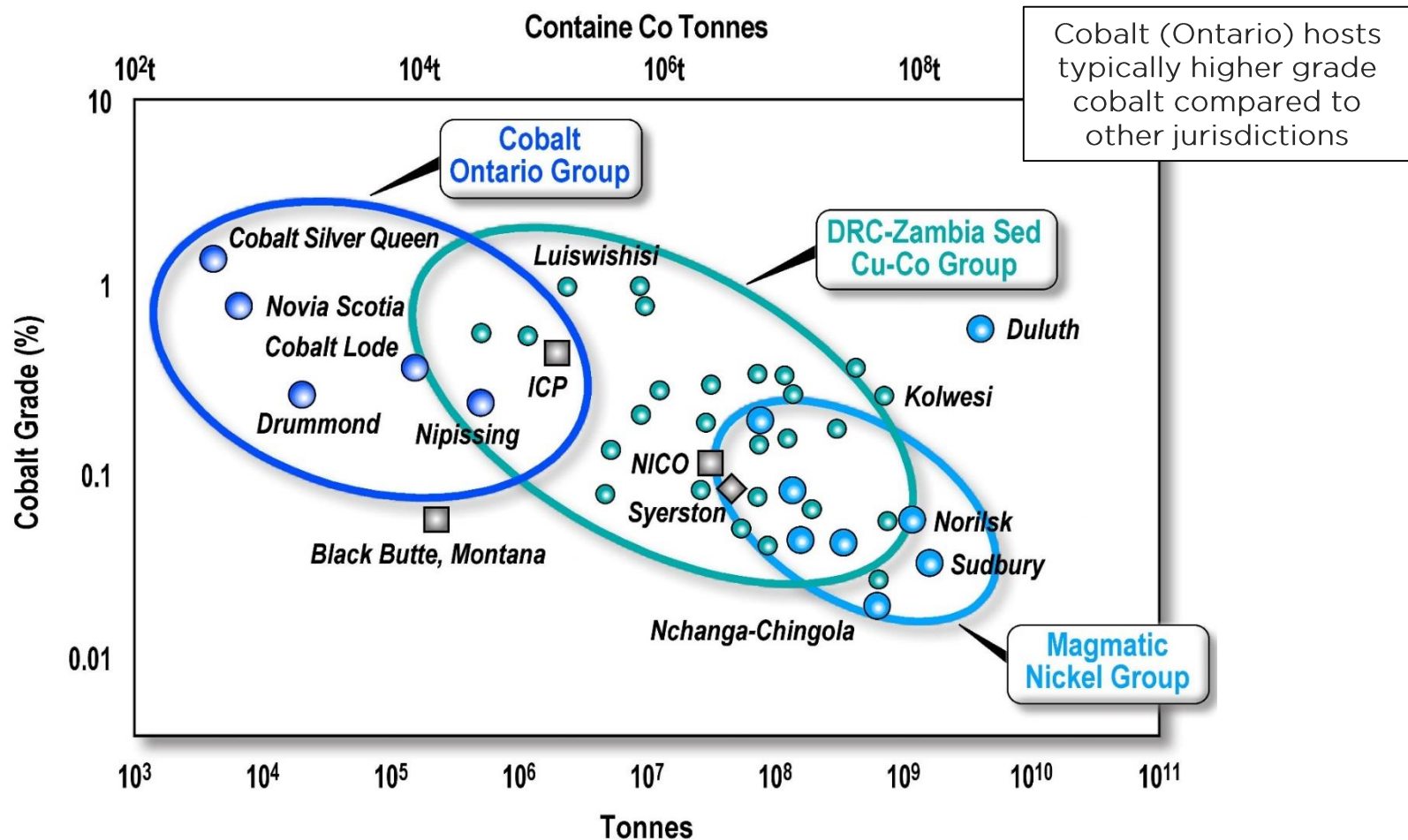
# TOWN OF COBALT, ONTARIO

- Area is host to the Cobalt Mining Camp which produced 50 million pounds of cobalt and 600 million ounces of silver
- Limited modern exploration methods applied
- Mining activity declined after WWII
- Cobalt was not a focus
- Potential to discover the first major high grade cobalt jurisdiction outside of the DRC
- Supportive government – tax incentives and efficient permitting
- Major offtake opportunities within North America
- Clear path to indigenous consultation and collaboration



Map: Bay Lake Project Location

## GLOBAL COMPARISONS

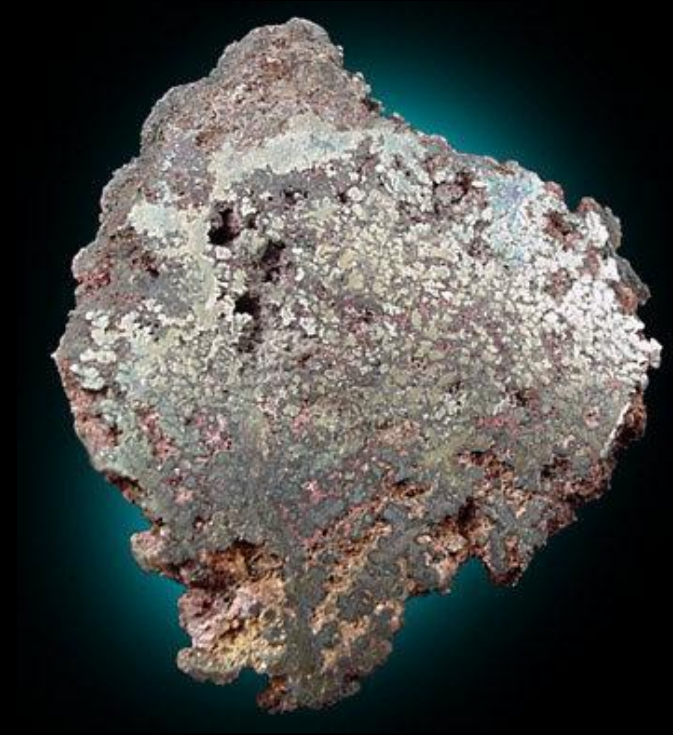


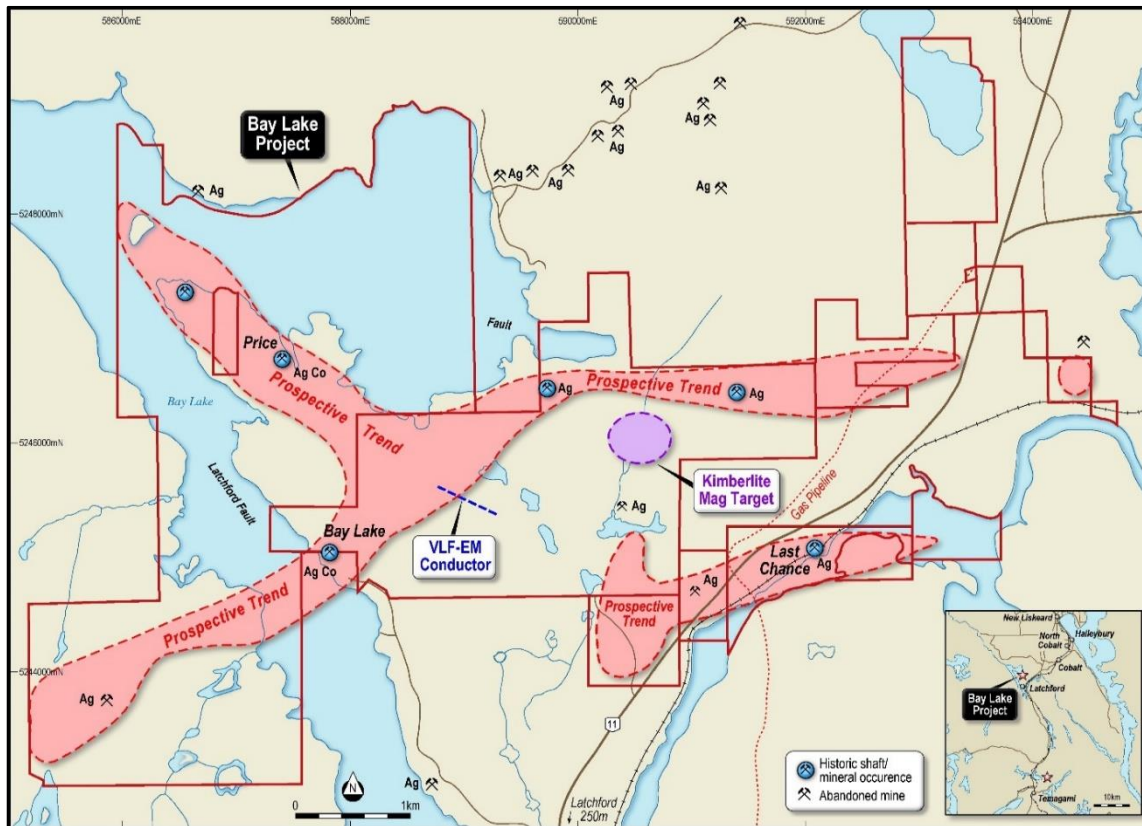
Graph: Cobalt, Ontario data Guindon 2016  
Slack et al. 2010 USGS Open-File Report 2010-1212



# BAY LAKE

COBALT PROJECT





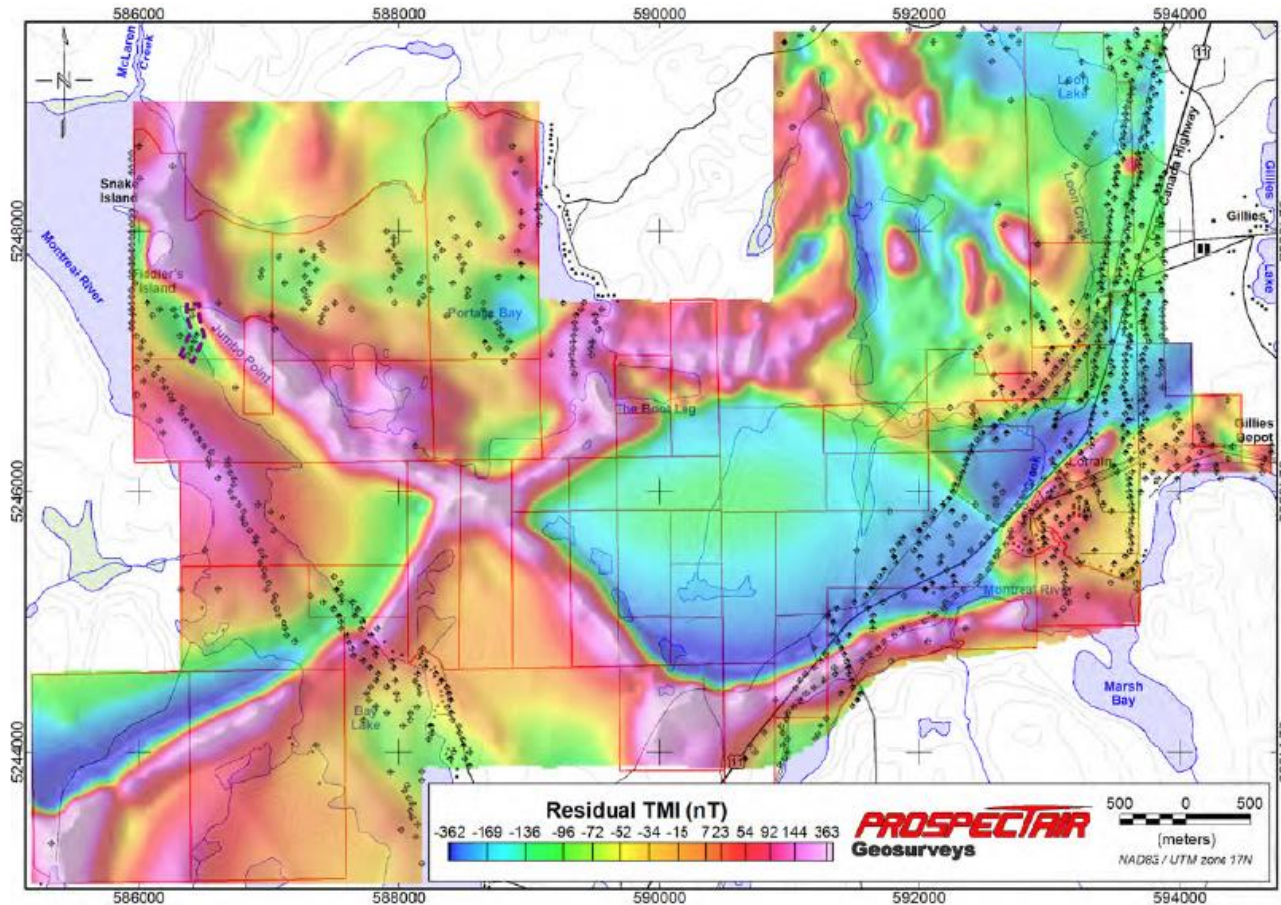
Map: Prospective Trend at Bay Lake Cobalt Project

### Exploration Highlights

- 3,200 Ha
- 15.36% Co in veins assayed in shaft at Bay Lake Prospect
- 1.17% Co and 7.7g/t Ag recovered from a surface “dump” pile at Last Chance Prospect
- 2.14% Co, 0.11% Cu, 0.48 g/t Au and 1,740 g/t Ag assayed at Price Prospect
- 0.61% Co, 0.34% Co and 0.15% Co at surface around Bay Lake Prospect
- 3.45g/t Au and 44.5g/t Ag at Bay Lake Prospect



# MAGNETIC TARGETS



## Exploration Highlights

- MAG and TDEM Survey over Bay Lake complete
- Combined with soil geochemistry and surface sampling used to define drill targets
- Initial drill plan of 1,500m has been designed

Image: Magnetic Trend at Bay Lake Cobalt Project

## Location

- Located in the historic Cobalt Mining District
- ~3,200 hectares within a highly prospective Ag-Co rich geological domain
- Excellent project access and infrastructure

## Previous Exploration

- The Cobalt Mining District has production estimates of over 600 million troy ounces of silver since the first discovery in 1903
- Multiple historic mine shafts
- 15.36% Co assayed in massive cobalt rich veins at 27m depth
- Surface “dump” material assayed 2.14% Co, 0.11% Cu, 0.48 g/t Au and 1,740 g/t Ag

## STRONG COMMUNITY SUPPORT FOR MINING



Image: Typical Access at Bay Lake



Image: Community Consultation Workshop for Bay Lake Exploration Program



HIGH GRADE COBALT

# BAY LAKE

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iCOBALT

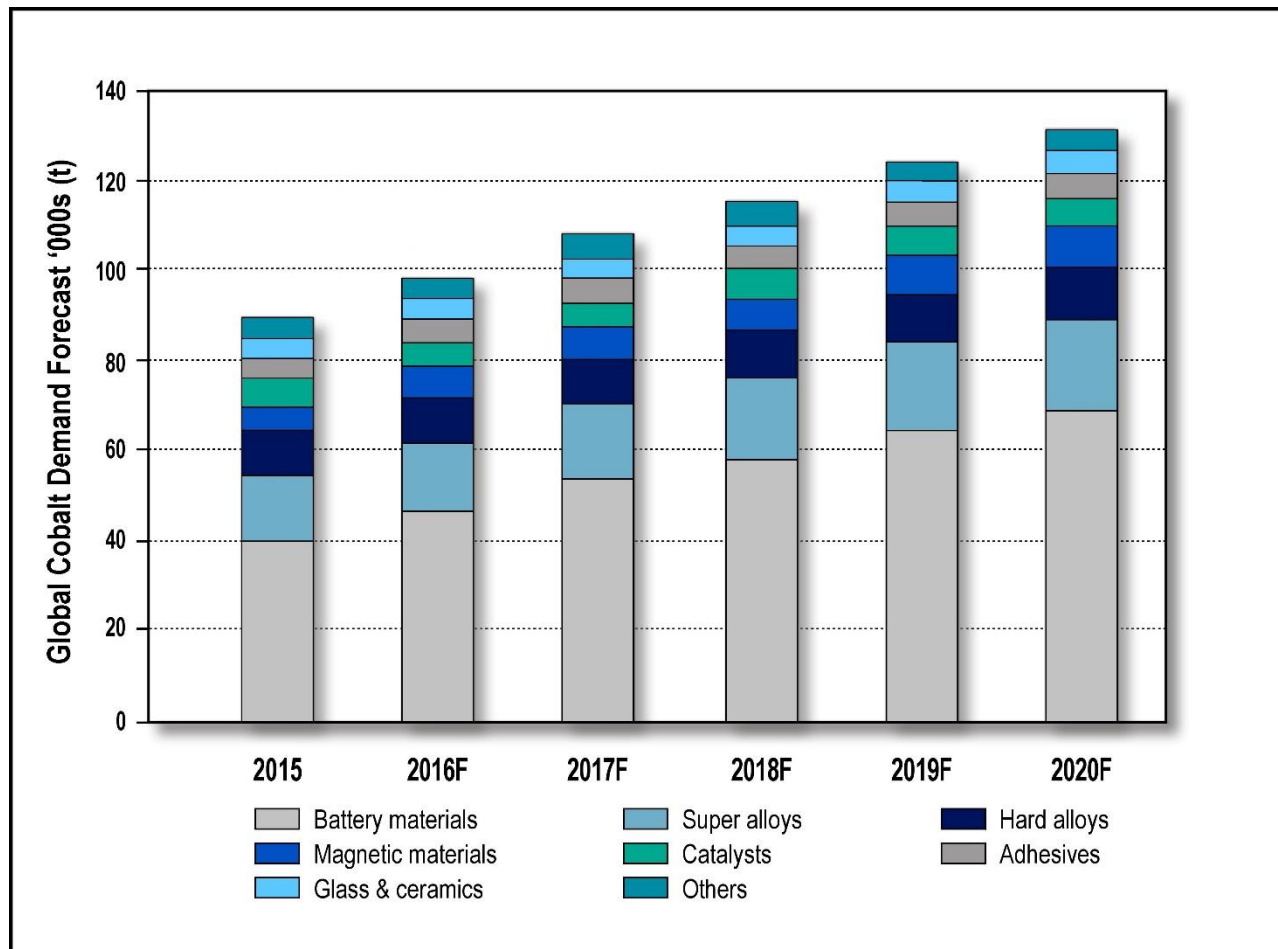


**Image:** High grade *Cobalt Bloom* at Bay Lake, noted by the pink colouration on the rock sample.

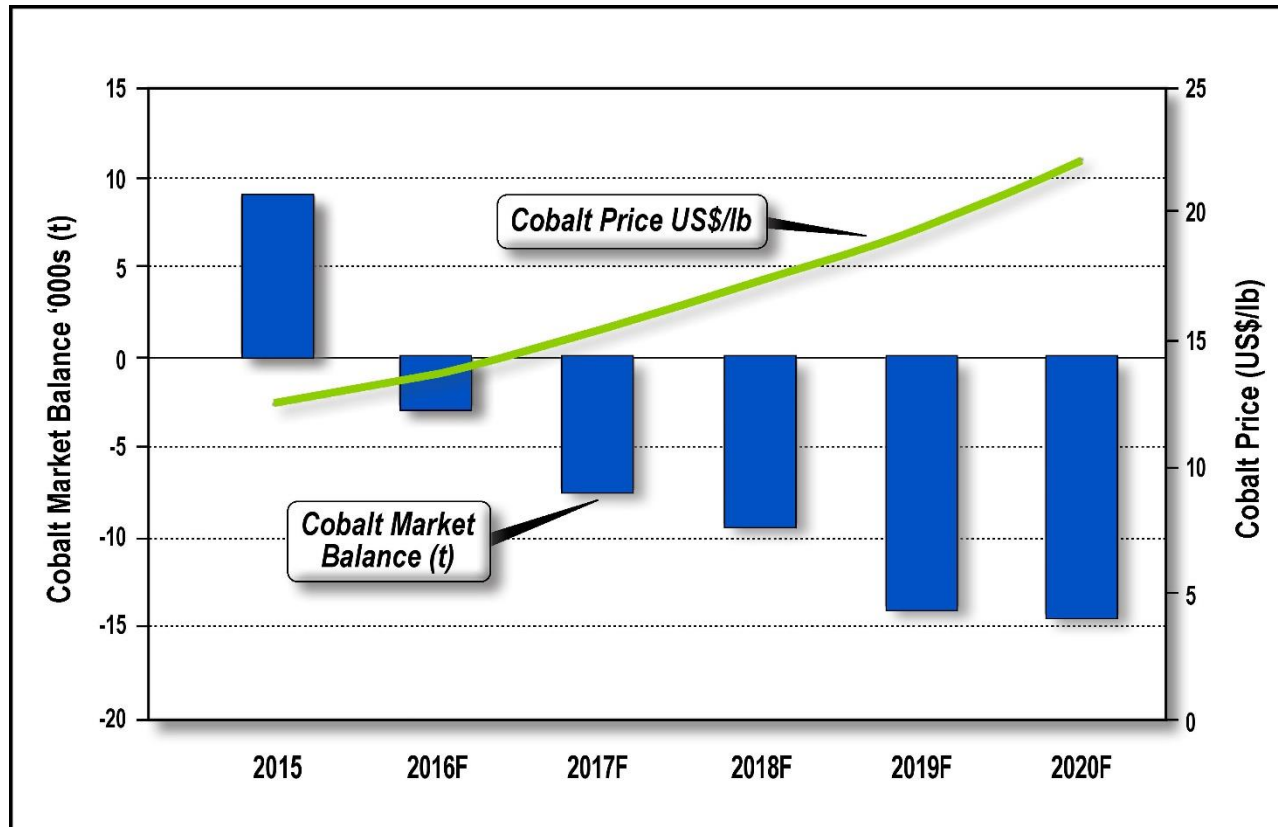


**Image:** Historical exploration shaft at Bay Lake.

OVER 15% Co IN HISTORIC MINE SHAFTS & OVER 2% Co IN SURFACE DUMPS



- Lithium cobalt oxide ( $\text{LiCoO}_2$ ) is widely used in lithium ion battery cathodes
- Global cobalt demand has increased an average 17.9% year-on-year from 1999 to 2015



- Limited opportunities for new supply outside of the DRC which is 65% of global supply
- Cobalt metal has historically traded between USD\$15/lb and USD\$30/lb
- Currently trading at highs due to explosive growth in the adoption of lithium ion batteries

Source: ResearchInChina



# METALSTECH

Resourcing a cleaner greener future

## ASX:MTC

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