ASX Announcement

17 January 2018

Positive Results of Lac Rainy Metallurgical Testwork Confirms Commercial Grade Graphite Concentrate Potential

Highlights:

- **Metallurgical testwork and mineralogical characterisation completed on two 60 kg composite samples of graphite mineralisation from the Lac Rainy Graphite Project**
- **Tests completed included chemical and mineralogical feed characterisation and flotation testing**
- **Results indicate that Lac Rainy graphite mineralisation has the potential of producing a commercial graphite concentrate**
    - High sample head grades of 35.1% and 21.7% graphitic carbon (Cg)
    - High open circuit graphite recovery up to 91.0% using standard mineral processing technologies
    - Very good combined concentrate grades of up to 96.7% total carbon (Ct), exceeding typical cut-off grades for commercial grade graphite concentrates of 95% Ct
    - Total carbon grades up to 98.8% in large and jumbo flake size fractions
    - Low levels of potentially deleterious elements
- **Metallurgical flowsheet based on publically available information for the nearby Lac Knife Graphite Deposit, 100% owned by Focus Graphite Inc.**
- **Potential exists for metallurgical improvements given that the tests were scoping level in nature and that the flowsheet has not been optimised for the Lac Rainy mineralization. Further, the surface samples are likely to be partially affected by oxidation**
- **A diamond drilling program is planned to test the grade and continuity of graphite mineralisation and obtain unoxidised mineralised samples during the winter drilling season in Quebec**

Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce the results of preliminary metallurgical testing of graphite mineralisation at the Lac Rainy Graphite Project (the "Project"), located in Quebec, Canada.

SGS Canada Inc. (SGS) were selected to undertake the testwork program on two composite graphite samples collected from the Lac Rainy Project in August 2017 (see ASX announcement dated 12th October 2017). Testwork included sample preparation, chemical and mineralogical characterisation of the feed samples, and batch cleaner flotation based on a flowsheet comparable with the process proposed for the nearby Lac Knife Graphite Deposit being developed by Focus Graphite Inc.

Testwork results indicate that a commercial graphite concentrate with very good concentrate grades and recoveries can be achieved from the graphite mineralisation at Lac Rainy. Open circuit graphite recovery up to 91.0% and combined concentrate grades of up to 96.7% total carbon (Ct) were achieved. This is a significant outcome and is very encouraging as these results were achieved using a non-optimised flowsheet and are based on the flowsheet for a separate (though geologically similar) deposit. Furthermore, as these characterisation samples were collected from surface, it is likely that they have a certain degree of oxidation. Unoxidised samples from deeper within a graphite deposit often provide a better metallurgical performance.

Commenting on the metallurgical testwork results at Lac Rainy, Mr Gino D'Anna, a Director of MLS stated:

> *"These significant and highly encouraging results from SGS show that the graphite at Lac Rainy has the necessary grade and metallurgical characteristics to produce a commercial graphite concentrate, including that applicable to the battery industry. We were able to achieve a concentrate with recoveries of up to 91% at a grade of 96.7% Ct - this is an exceptional result for a first pass testing program. Given that the testwork was not optimised and based on the flowsheet from Focus Graphite Inc., which is publicly available, we believe that significant upside exists for the performance in future metallurgical processing testwork.*
>
> *Metals Australia is planning to complete a diamond drilling program at Lac Rainy in early 2018 that will test the grade, thickness and continuity of the high grade graphite mineralisation that has already been identified at the project. This drilling will generate more representative unoxidised samples of graphite mineralisation that will provide an opportunity to better refine the flowsheet and metallurgical performance of the Lac Rainy mineralisation."*

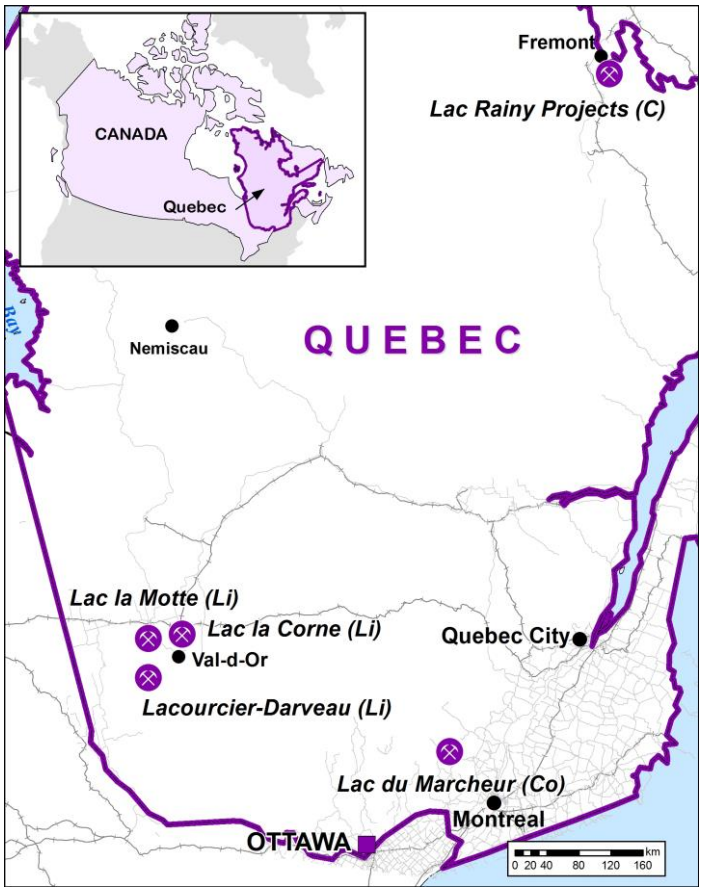

Figure 1: Location of the Lac Rainy Graphite Project and other MLS projects in Quebec, Canada

Lac Rainy Graphite Project

The Lac Rainy Graphite Project is located in one of the premier graphite geological regions of Quebec. It sits approximately 20 km southwest of the historic iron ore mining town of Fermont in northern Quebec, and 260 km north-northeast of the city of Sept-Îles. The Lac Rainy Graphite Project is approximately 15 km east of Route 389, a paved highway which travels north to Fermont. The project comprises 86 mineral claims covering a total area of approximately 4,450 hectares. Lac Rainy is one of a number of projects held by the Company in Quebec (Figure 1).

The Project is located adjacent to property that hosts the Lac Knife Graphite Deposit owned by Focus Graphite (which is located less than 4 km south-west of the Project boundary) and hosts a Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3.0% Cg cut-off (refer Focus Graphite TSX-V market announcement dated 6 March 2017).

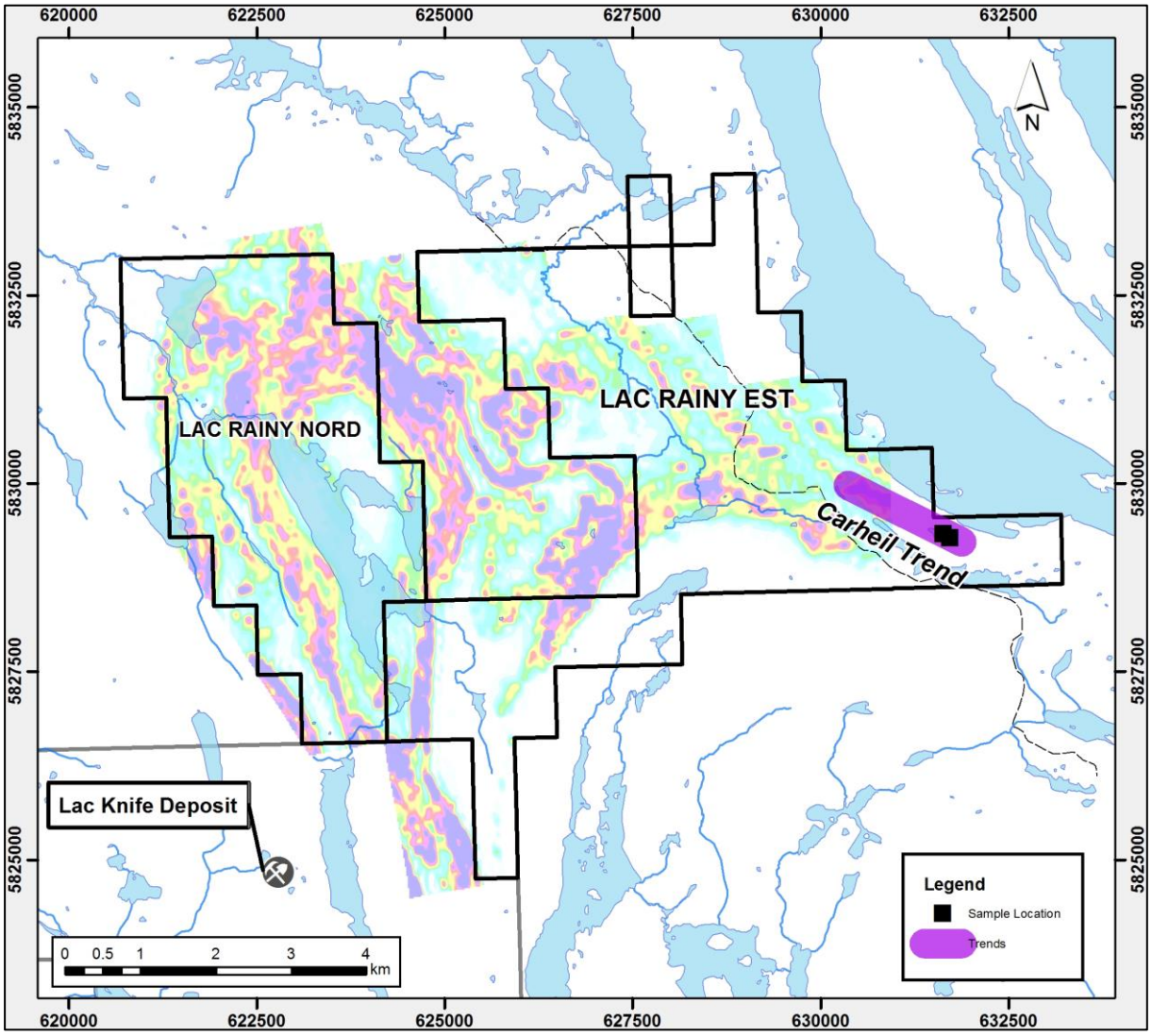

Figure 2: Lac Rainy Graphite Project claim blocks showing airborne electromagnetic (EM) image with the location of metallurgical composite samples and Lac Knife Graphite Deposit (Focus Graphite Inc.)

Metallurgical Sample

In August 2017, the Company completed a channel sampling campaign and characterisation sample collection program at the Lac Rainy Graphite Project. Dahrouge Geological Consulting Ltd. were engaged to undertake the work (see ASX announcement dated 12th October 2017).

Surface samples at Lac Rainy have confirmed the presence of numerous high grade natural flake graphite mineralised occurences on the property. The samples, which were taken at and along strike immediately adjacent to the high grade Carheil Prospect in the eastern part of the claim block area, have outlined a high grade area of ~150 m strike length, within a larger mineralised strike of more than 2 km (Figure 3). When coupled with historic results, this sampling confirms that the Lac Rainy Project is highly prospective with significant potential to host a high grade deposit of natural flake graphite at substantial tonnage.

The channel sample composites used for mineralogical characterisation and metallurgical testing were collected from two sites along the Carheil Trend (Table 1), with a total combined weight of approximately 120 kg. The samples were excavated from a surface outcrop, with care taken to clean the exposure of soil and vegetation and to remove a layer of weathered material.

Table 1: Composite sample locations

Sample ID	Coordinate (NAD83, UTM Zone 19N)	
	East	North
129076	631,633	5,829,329
129077	631,723	5,829,280

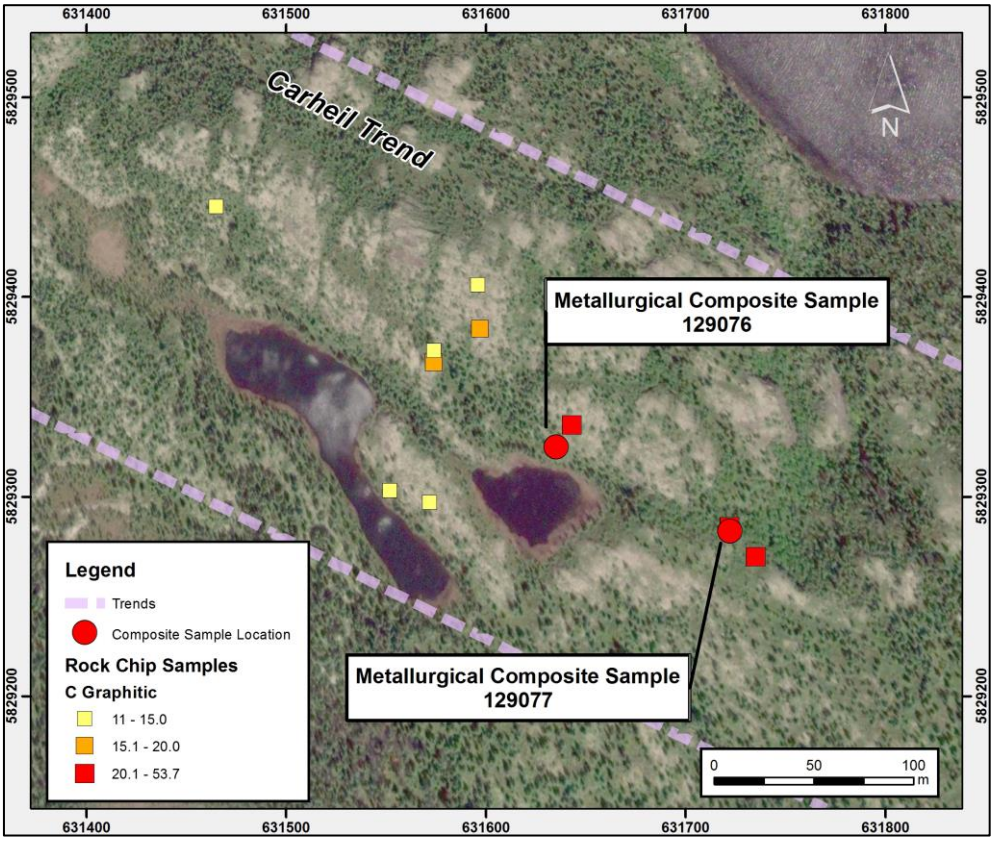

Figure 3: Location of channel samples and metallurgical composite samples collected at Lac Rainy

Metallurgical Testwork

SGS Canada Inc. (SGS) based in Lakefield, Ontario were selected by the Company to complete initial metallurgical testwork and mineralogical characterisation on the two composite samples of graphite mineralisation collected from the Project. The following sections include excepts, tables, and charts from the metallurgical test report provided by SGS Minerals titled "*The Scoping level Evaluation of Two Samples form the Lac Rainy Graphite Prospect*" and dated January 11, 2018.

The primary objectives of the program were to determine the metallurgical response of the samples and to characterise the graphite concentrate in terms of flake size distribution and total carbon grades of different size fractions.

The testwork comprised:

1) Sample preparation;
2) Sample characterisation (chemical and mineralogical); and
3) Flotation testing.

The testwork parameters were selected in order to provide the Company with basic metallurgical information about the mineralisation at Lac Rainy and demonstrate that the graphite had mineralogical and metallurgical characteristics suitable for the production of a commercial concentrate. A flowsheet based on publically available information for the nearby Lac Knife Graphite Deposit was selected as the initial conditions for the testwork.

Testwork Methods and Results

SAMPLE PREPARATION

Two composite samples of the Lac Rainy graphite mineralisation (sample numbers 129076 and 129077) weighing a total of approximately 120 kg were supplied to SGS. The two composite samples were prepared for metallurgical testing and chemical and mineralogical characterisation.

SAMPLE CHARACTERISATION

The representative head samples of the two composites extracted during sample preparation were subjected to chemical analysis.

The total carbon assays of the samples indicate high grades of 36.5% Ct and 22.0% Ct for samples 129076 and 129077, respectively (Table 2). Similarly, the graphitic carbon grades of the samples were high at 35.1% Cg and 21.7% Cg, respectively. Sulphur contents of sample 129076 was very low at 0.23% S, while sample 129077 contained 6.57% S. The latter result was confirmed by mineralogical examination (see below) that showed sample 129077 contains significantly more pyrite than sample 129076.

Table 2: Results of composite sample head analysis

Sample ID	Assays (%)		
	Total Carbon (Ct)	Graphitic Carbon (Cg)	Sulfur (S)
129076	36.5	35.1	0.23
129077	22.0	21.7	6.57

Whole rock (Table 3) and trace element analysis (Table 4) showed show no elevated concentrations of typical deleterious elements except potentially for vanadium. Note that element contents in the feed samples may not necessarily translate to higher grades in the final purified graphite concentrate.

Table 3: Results of whole rock analysis

Sample ID	Assays (%)						
	SiO_2	Al_2O_3	Fe_2O_3	MgO	CaO	Na_2O	K_2O
129076	47.0	5.66	6.64	1.12	0.14	0.31	2.32
129077	47.3	5.00	12.3	1.59	0.52	0.19	1.66
Sample ID	**TiO_2**	**P_2O_5**	**MnO**	**Cr_2O_3**	**V_2O_5**	**LOI**	**Sum**
129076	0.40	0.25	0.06	0.02	0.47	35.6	100
129077	0.24	0.38	0.42	0.02	0.23	29.9	99.7

Table 4: Results of trace element analysis

Sample ID	Assays (ppm)								
	Ag	As	Ba	Be	Bi	Cd	Co	Li	Ni
129076	<5	<30	475	<2	<20	<2	<4	<20	<20
129077	<5	<30	201	<2	<20	22	41	<20	363
Sample ID	**Pb**	**Sb**	**Se**	**Sn**	**Sr**	**Tl**	**U**	**Y**	
129076	115	<30	<30	<20	71.4	<30	<20	30.0	
129077	<60	<30	<30	<20	54.1	<30	50	51.6	

Mineralogical examination of the feed samples included optical mineralogy in transmitted and reflected light to determine the occurrence of graphite and its association with gangue minerals. The main conclusions of the analysis are that:

1) Graphite in both samples has a bimodal grain size distribution; it occurs both as fine-grained variably locked in non-sulphide gangue minerals, and as relatively coarse particles (<2 mm) that occur as liberated or intergrowths with non-sulphide gangue.
2) Graphite liberation is considered low at this grind (-6 mesh). Liberation is expected to vary and will reflect the proportion of coarse and fine-grained graphite. Intergrowths of graphite with other minerals are simple to moderately complex and should liberate well upon the proper grind target (<500 µm).
3) A main mineralogical difference between the samples is that sample 129077 contains significant pyrite, while sample 129076 does not.

FLOTATION TESTING

Two open circuit cleaner tests were carried out on each of the two composites. The first test employed the flowsheet that was presented in the feasibility study of Focus Graphite's Lac Knife project, which is depicted in Figure 4.

The second set of tests included a finer classification of the intermediate concentrate at 80 mesh instead of 48 mesh and stirred media mills instead of polishing mills in the secondary cleaning circuits. This alternative grinding mill tends to be more effective when dealing with interlayered graphite.

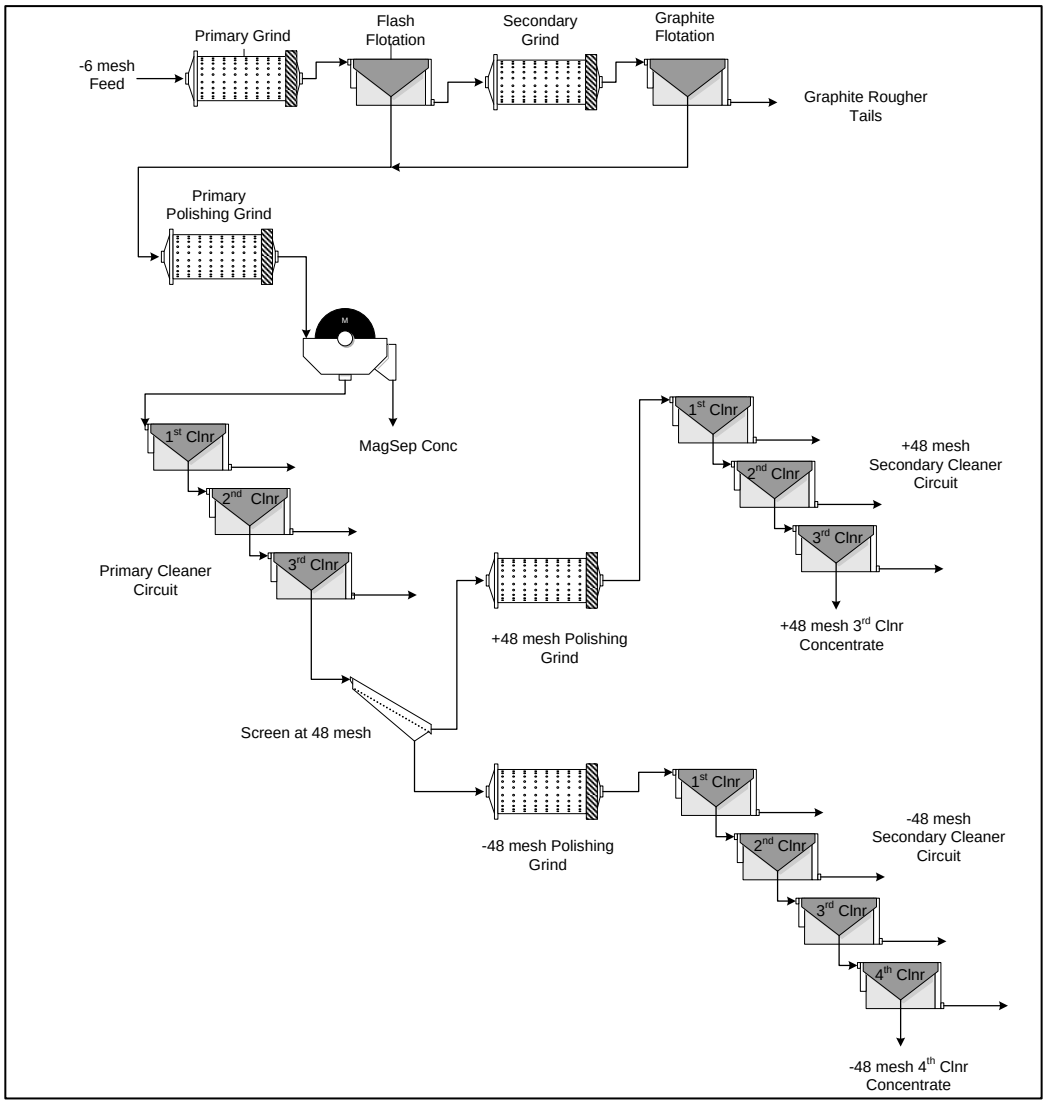

Figure 4: Flowhsheet of flotation testwork for the Lac Rainy graphite samples

Metallurgical Testwork Results

The open circuit carbon recovery was between 85.6% and 91.0% in the four tests. Tests using the base case Lac Knife flowsheet (tests F1 and F2) produced combined concentrate grades of 96.4.0% Ct for the 129076 composite and 87.9% Ct for the 129077 composite. The circuit modifications that were carried out (tests F3 and F4) produced a grade improvements to 96.7% C(t) and 95.8% C(t) for the 129076 and 129077 samples, respectively. These results are encouraging given that the test program was not optimised for the Lac Rainy Project.

In order to determine the flake size distribution and total carbon grades of the various flake sizes, the final cleaner concentrates were subjected to a size fraction analysis. The mass recovery and total carbon grades of the various size fractions are depicted in Figure 5 and Figure 6, respectively.

Significant amounts of material reported to the size fraction of -150/+325 mesh, which is generally utilised for battery applications.

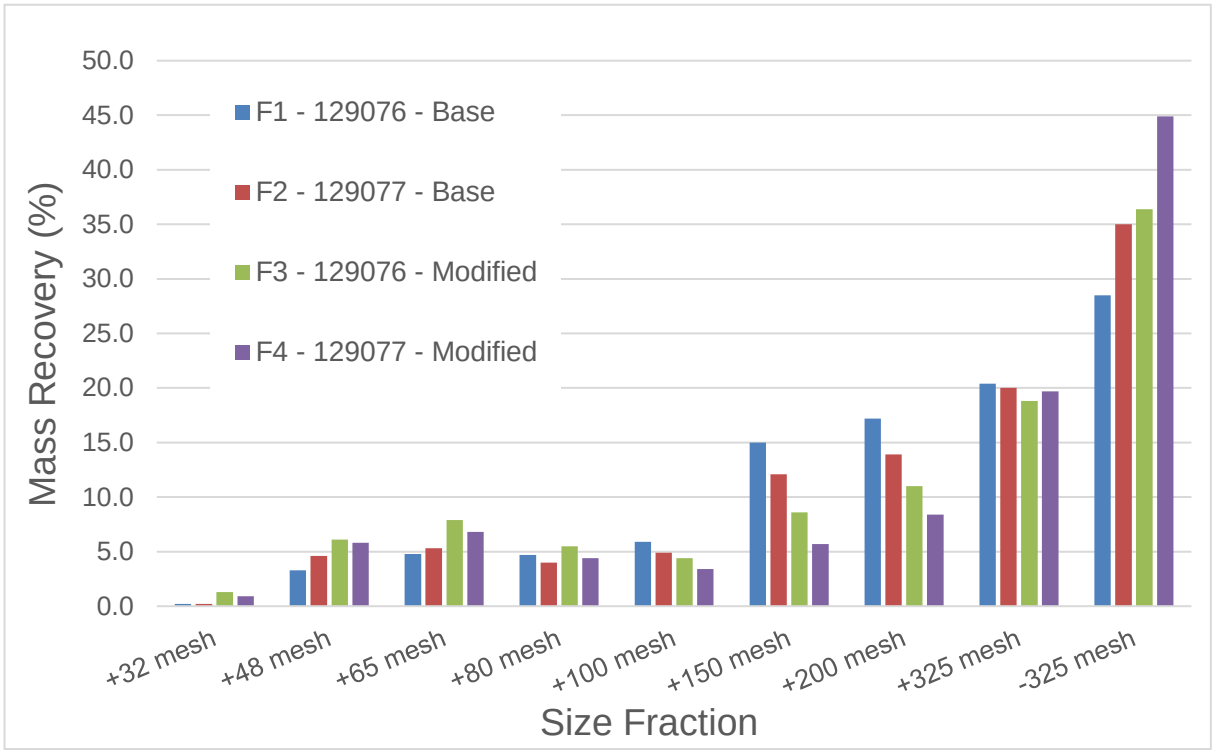

Figure 5: Graph of mass recovery for each of the graphite particle size fractions, for all of the four flotation tests completed

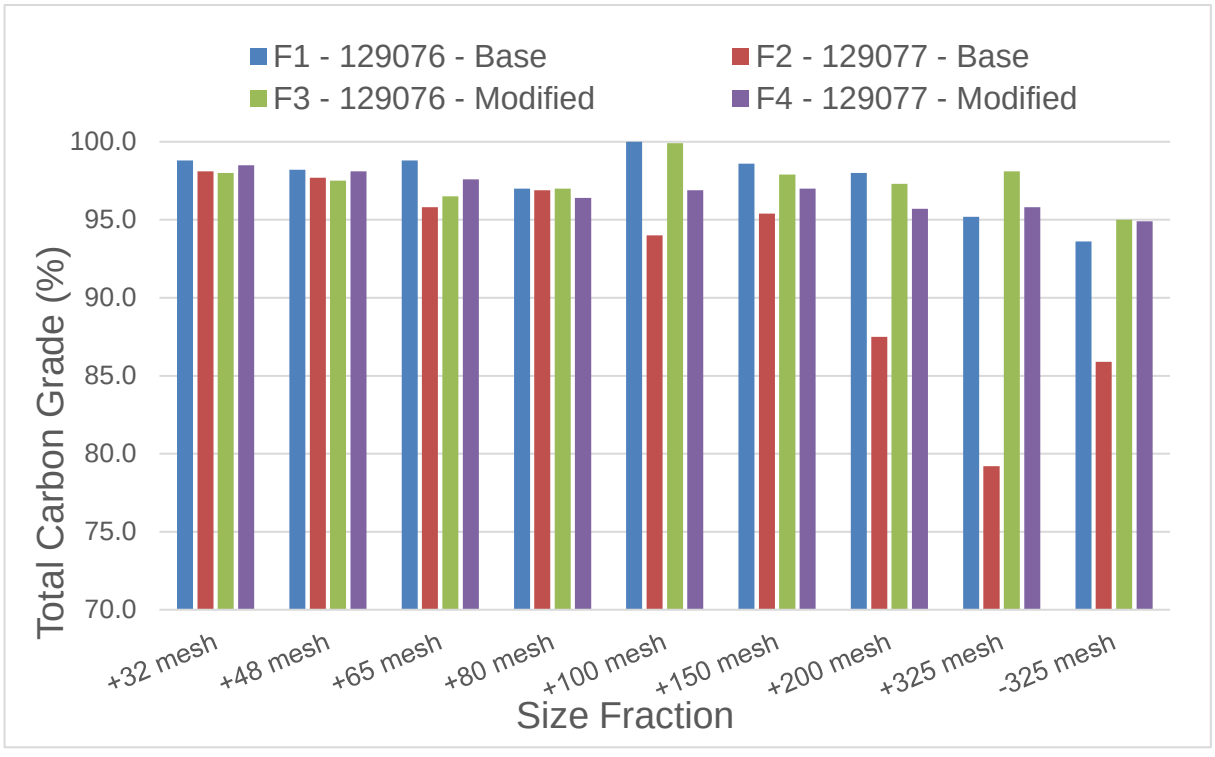

Figure 6: Graph of total carbon grade (Ct) for each of the particle size fractions, for all of the four flotation tests completed

Discussion of Results

Metallurgical testwork has successfully demonstrated that a commercial graphite concentrate grade and recovery can potentially be achieved from the current characterisation samples collected at the Lac Rainy Project.

Composite sample 129076 outperformed composite sample 129077 in terms of concentrate grade, recovery and flake size distribution. Metallurgical testing yielded a combined concentrate grade of 96.4% Ct for the baseline test using the Lac Knife test conditions that are available in the public domain. The second test on this composite material with the modified flowsheet conditions produced a combined grade of 96.7% Ct. The second test also produced a higher mass recovery into the large and jumbo flake categories.

Composite sample 129077 yielded a lower head grade of 22.0% Ct and also proved harder to upgrade. The baseline test produced a concentrate grade of 87.9% Ct and the test with modified flowsheet conditions increased the concentrate grade increased to 95.8% Ct.

Based on the information obtained for the two sample composites, the testwork results are considered encouraging given that the material was tested using an existing, non-optimised flowsheet. A flowsheet based on publicly available information for the nearby Lac Knife Graphite Deposit was selected as the initial conditions for the testwork and further scope for optimisation remains, indicating that significant upside exists in the performance of the graphite mineralisation in future testing.

Characterisation samples used for the testwork were collected from surface exposures and, although fresh material was targeted, the samples collected may still have been partially oxidised, due to the outcropping nature of the graphite mineralisation. Oxidation, inherent to surface samples, is a hinderace in graphite processing, with performance typically improving with the use of unoxidised samples.

Further Work

The metallurgical testwork described above is a preliminary test program of the mineralisation at the Lac Rainy Project and the composite samples are not considered to be representative of the overall graphite deposit due to their limited size and spatial distribution. Furthermore, the tested samples were collected from the surface and are likely to be affected by oxidation to some degree.

SGS have made recommendations for future testing to 1) ensure representivity of a potential future mill feed; 2) take account of the specific mineralisation of the Lac Rainy Project; 3) evaluate comminution characteristics of the mineralisation; and 4) assess the environmental risk of the flotation tailings.

A diamond drilling program is planned to test the grade, thickness and continuity of graphite mineralisation at the Lac Rainy Project during the winter drilling season in Quebec. It is expected that this drilling will provide more representative and unoxidised mineralised samples that may be amenable for further metallurgical testwork to address these recommendations. A future program of large-diameter coring specifically for metallurgical characterisation will also be considered, depending on results.

ENDS

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Competent Person Statement

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, Metals Australia Limited. Mr. 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. Smith consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this announcement that relates to Metallurgical Testwork, is based on information compiled by Mr Oliver Peters, M.Sc, P.Eng., MBA, a Competent Person who is a Professional Engineer registered with the Professional Engineers of Ontario (PEO), in Canada. Mr Peters, is the Principal Metallurgist and President of Metpro Management Inc and a Consulting Metallurgist for SGS. All competent persons are independent from the issuer of this statement, Metals Australia Limited. Mr Peters 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 Peters consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	The characterisation sample collected for metallurgical testing comprised two composite samples of graphite mineralisation from two surface sites with a total combined weight of approximately 120 kg. The samples were excavated from a surface outcrop, with care taken to clean the exposure of soil and vegetation and to remove a layer of weathered material.
Drilling techniques	• *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).*	Not applicable, no drilling completed.
Drill sample recovery	• *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, no drilling completed
Logging	• *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.*	Not applicable, no intersections logged.
Sub-sampling techniques and sample preparation	• *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.*	Composite samples weighing 50-60 kg each supplied to laboratory. The samples were stage-crushed to -6 mesh after a section of the material was removed for mineralogical evaluation. The crushed material was homogenised and split into 2 kg test charges. The sample preparation is considered appropriate for the sample size, grain size of the material being sampled and appropriate for the sample type. No field duplicates or repeat samples were collected.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	The two composite samples were subjected to the following chemical analysis: total and graphitic carbon analysis, sulphur, whole rock analysis, and trace element analysis by ICP-OES. Analyses were undertaken by SGS Canada Inc. and are considered to be total digestions. No blanks, standards, or duplicates were submitted by the company for analysis with the samples. Internal laboratory blanks, standards, and duplicates have been relied upon for quality control, with results reviewed by SGS and found to be satisfactory with no material concerns.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Documentation of primary data completed by SGS Canada Inc. in the form of detailed draft technical reports. No adjustments have been made to the reported assay or testwork data.
Location of data points	• *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.*	Handheld GPS used for location of sample points using NAD83 datum, UTM grid, Zone 19 N. Such methods have a typically accuracy of 1-3 m.
Data spacing and distribution	• *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.*	Data spacing is irregular due to the reconnaissance-style sampling completed to-date. Metallurgical composite samples were collected from two sites. Insufficient data is available to establish the degree of geological and grade continuity required for estimation of a resource. No compositing of data has been applied and assay results are reported as received.
Orientation of data in relation to geological structure	• *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.*	Insufficient data is available to determine the orientation and geometry of the mineralisation. Channel sampling was undertaken across the width of the exposed mineralisation, perpendicular to the strike direction. Dip of the mineralisation is interpreted to be subvertical.
Sample security	• *The measures taken to ensure sample security.*	Industry standard chain of custory followed, with samples dropped off at shipping company by field supervisor, shipping with tracking number, and received direct by the laboratory, with noticification of receipt the day samples received.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	None completed by third parties. The Company's consultants have reviewed the assay data for completeness and quality control.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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 impediments to obtaining a licence to operate in the area.*	Metals Australia Limited is the 100% owner of the Lac Rainy Graphite Project, pursuant to the binding acquisition agreement. There are no other material issues affecting the tenements. Quebec Lithium Limited, a wholly owned subsidiary of Metals Australia, is the owner of 100% of the Lac Rainy graphite project and ownership of the individual CDC claims is with Quebec Lithium Limited. All tenements are in good standing and have been legally validated by a Quebec lawyer specialising in the field.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	No modern exploration has been conducted by other parties. Government mapping records multiple graphitic carbon bearing zones within the project areas but no other data is available.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The mineralisation at the Lac Rainy project is consistent with a crystalline flake graphite deposit hosted by metamorphic rocks of the Menihek Formation paraschist and the Sokoman Formation iron formation of the Gagnon Group of the Grenville Province. Mineralisation consists of graphite-rich bands interlayered with folded and foliated quartzo-feldspathic gneiss and schist. The graphite layers appear to be steeply dipping to sub-vertical and extend 100's metres to kilometres along strike. Layers trend in a NE to N direction, parallel to the principle metamorphic fabric in the rocks. The Lac Rainy and Lac Carheil graphite prospects were 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. The Lac Rainy graphite project is contiguous with the Lac Knife Graphite Project which is owned by Focus Graphite Inc. The Lac Knife Deposit (which is located less than 4 km south-west of the Project) contains a Measured and Indicated Resource of 13.6 Mt @ 14.95% Cg and an Inferred Resource of 0.8 Mt @ 13.90% Cg at a 3.0% Cg cut-off (refer Focus Graphite TSX-V market announcement dated 6 March 2017).

Criteria	JORC Code explanation	Commentary

Drill hole Information	• *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:*
	  ○ *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.*
		Not applicable, no drilling completed.

Data aggregation methods	• *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 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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	No weighted averages or data aggregation applied. No metal equivalents reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	Not applicable with composite samples representing surface point locations. True widths not known as the geometry of the graphitic zones had not been determined by drilling. However, units are considered to be generally dipping sub-vertically.
Diagrams	• *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.*	Maps and tabulated data are included in body of the announcement.
Balanced reporting	• *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.*	Full and representative reporting of relevant results.
Other substantive exploration data	• *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.*	Material data regarding metallurgical testwork results included in report.

Criteria	JORC Code explanation	Commentary
Further work	• *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.*	The metallurgical testwork described in the report is a preliminary test of the mineralisation at Lac Rainy and the composite samples are not considered to be representative of the overall graphite deposit due to their limited size and spatial distribution. Furthermore, as they are samples collected from surface they are likely to be affected by oxidation to some degree. A diamond drilling program is planned to test the grade, thickness and continuity of graphite mineralisation at the Lac Rainy project during the upcoming winter drilling season in Quebec. It is expected that this drilling will provide more representative and unoxidised mineralised samples that may be amenable for further metallurgical testwork. A future program of large-diameter coring specifically for metallurgical characterisation will also be considered, depending on results.