



METALSTECH LTD ACN 612 100 464

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2017

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Half Year Financial Report

31 December 2017

CORPORATE INFORMATION

Directors & Officers

Mr. Gino D'Anna
Mr. Russell Moran
Mr. Michael Velletta
Mr. Shane Uren

Executive Director and Company Secretary
Executive Chairman
Non-Executive Director
Non-Executive Director

Company Secretary

Mr. Gino D'Anna

Registered Office

Suite 1
44 Denis Street
Subiaco WA 6008

Bankers

Commonwealth Bank of Australia
150 St Georges Terrace
Perth WA 6000

Stock Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
ASX Code – MTC

Auditors

BDO Audit (WA) Pty Ltd
38 Station St,
Subiaco WA 6008

Australian Company Number

ACN 612 100 464

Share Registry

Securities Transfers Registrars
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Domicile and Country of Incorporation

Australia

METALSTECH LIMITED

DIRECTOR'S REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of (MetalsTech Limited ("MetalsTech") and the entities it controls at the end of, or during, the half-year ended 31 December 2017 (the Period).

Directors

The names of the directors in office at any time during or since the end of the period are:

Mr. Gino D'Anna
Mr. Russell Moran
Mr. Michael Velletta
Mr. Shane Uren

Directors were in office for this entire period unless otherwise stated.

Principal activities

The principal activity of the company during the financial year was lithium and cobalt exploration.

Financial results

The financial results of the company for the period ended 31 December 2017 are:

	31-Dec-17	30-Jun-17
Cash and cash equivalents (AUD \$)	2,099,866	779,667
Net assets (AUD \$)	8,960,117	7,536,180

	31-Dec-17	31-Dec-16
Total revenue (AUD \$)	3,861	705
Net loss after tax (AUD \$)	(2,831,629)	(420,676)

Review of operations

During the period, the Company continued the exploration and development of the Cancet Lithium Project and the Adina Lithium Project, both located in Quebec (Canada) as well as the exploration of the Bay Lake Cobalt Project, located in Ontario (Canada).

Cancet Lithium Project

Work carried out during the year at the Cancet Lithium Project focused on defining the structure of the spodumene pegmatite with drilling designed to delineate a maiden JORC resource.

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Cancet Channel Sampling Program

The detailed trenching and channel sampling program was completed by Dahrouge Geological Consultants and was undertaken by a crew of two geologists over five days. The Cancet Project is road accessible all year round and is bisected by the Trans Taiga Highway, located approximately 100km east of La Grande 3 Airport. There are no logistical challenges with gaining access to the Cancet Project as a result of its favourable location and proximity to supporting infrastructure. Cancet is also located in close proximity to other operating mines, including lithium, gold and copper.

Over the course of the five days, three outcrops were trenching and channel sampled, resulting in the collection of 26 samples.

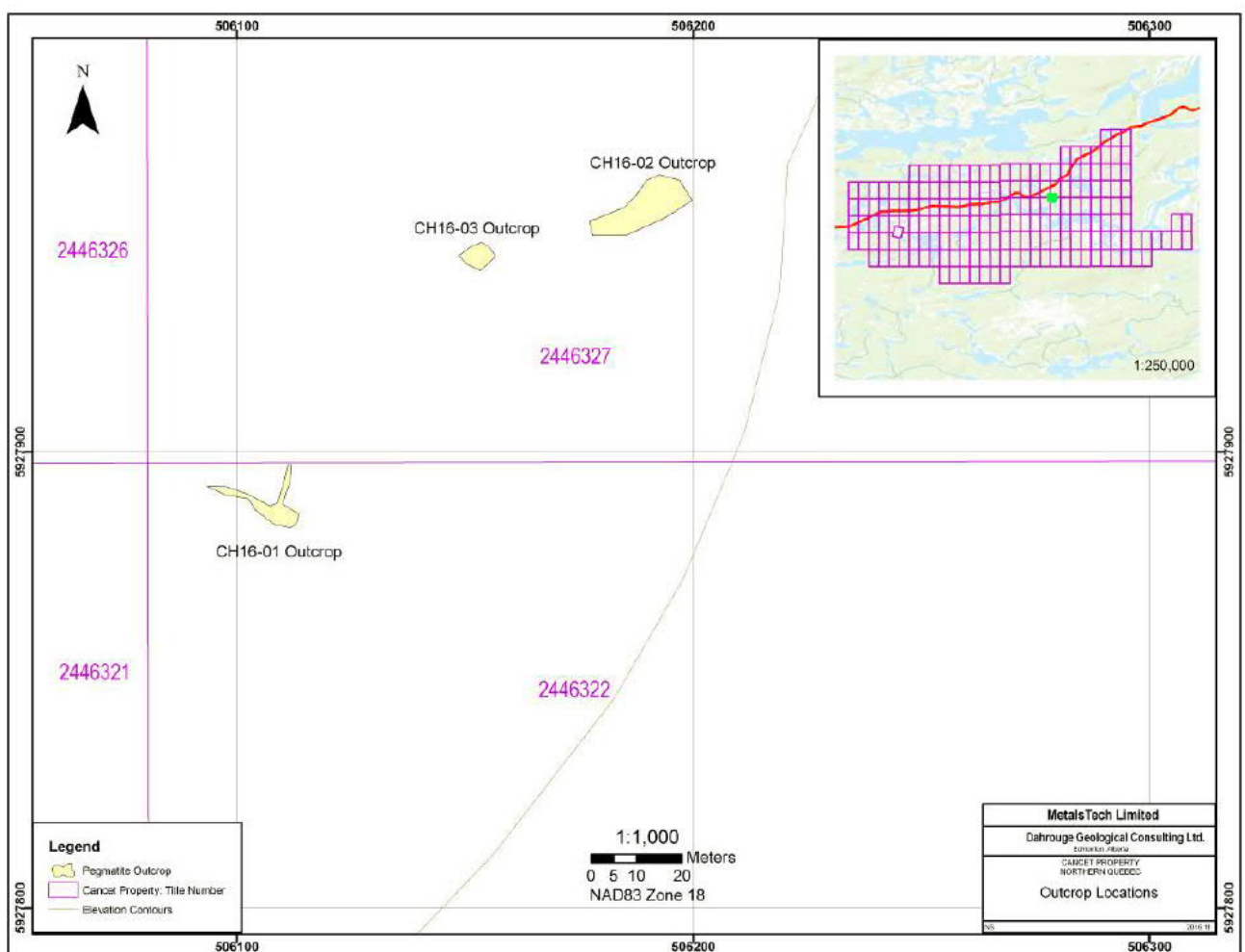


Figure 1: Location of three outcrops targeted for channel sampling

At each outcrop, the widest section was selected as the location to dig a trench. Hand tools were used to remove as much soil and overburden as possible, perpendicular to the strike of the outcrops. Once the trench was excavated, spray paint was used to draw the outline of the channel. A diamond blade Stihl saw was used to cut two parallel lines down each side of the spray paint, approximately 6cm wide. From the start point of the channel, a horizontal distance of 1m was used as the sampling interval. The sample breaks were marked with spray paint and a cut was made perpendicular to the channel for the end of each sample. A hammer and chisel was used to remove the rock sample from within the channel, which was then placed in a pre-labelled bag. The physical length of the sample along the outcrop was measured and photographs were taken of each sample.

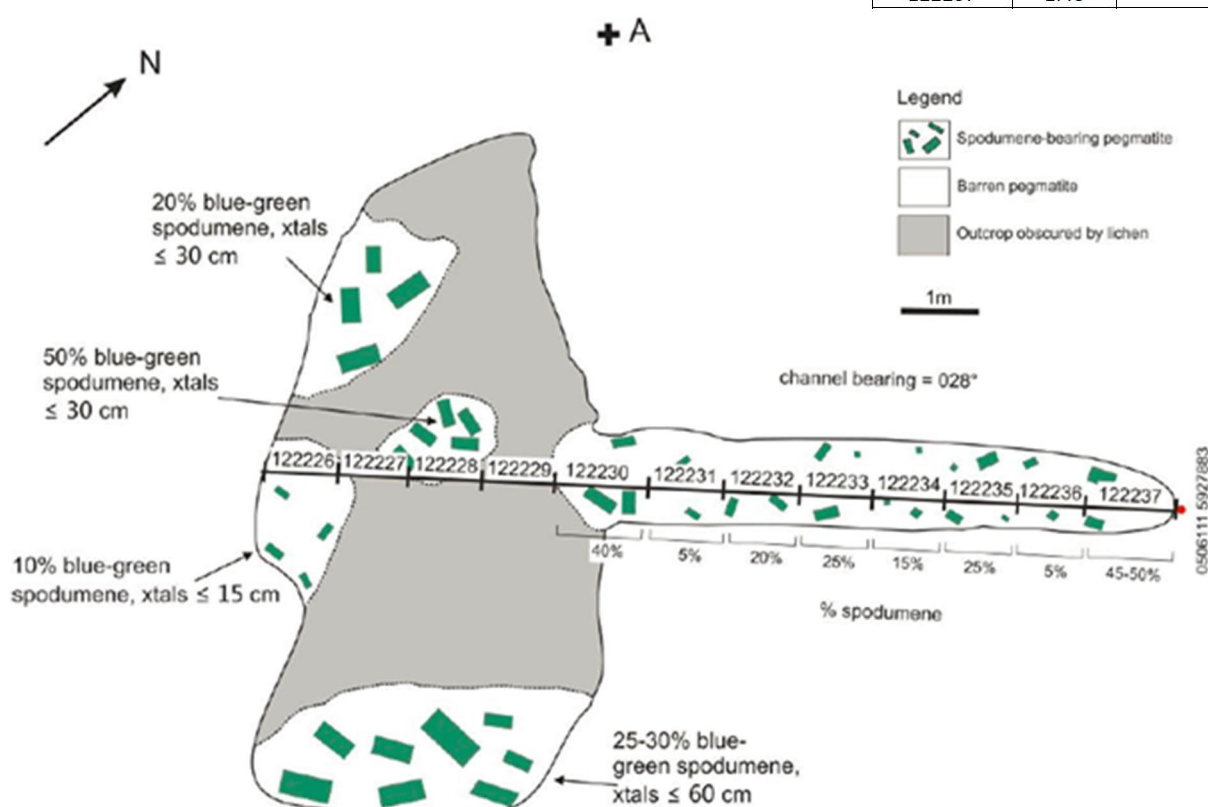
Samples were sent to Activation Laboratories in Ancaster, Ontario for analysis. All samples were tested with the analytical package "UT-7" package whereby a sodium peroxide fusion is used to digest the sample and then tested with a multi-element ICP-OES and ICP-MS finish.

Due to the high levels of tantalum from the ICP results, all samples were tested with the "8-coltan" analytical package to obtain a precise result.

Channel 1 (CH16-01)

CH16-01 was approximately 12m in length trending at 028° and 12 samples were collected in total. The original outcrop was approximately 4m wide, however trenching uncovered an additional 8m of mineralized pegmatite. The extent of the outcrop on the northeast side of the trench remains open. Trenching ceased only due to limitations of the hand tools being used, not due to lack of outcrop.

CH16-01		
Sample	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
122226	0.25	60
122227	1.29	140
122228	4.94	90
122229	3.08	40
122230	2.35	210
122231	0.11	160
122232	0.59	130
122233	1.71	170
122234	0.56	(BDL)
122235	0.81	50
122236	0.02	120
122237	1.48	40



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Channel 2 (CH16-02)

CH16-02 was approximately 10m in length trending south to north and 10 samples were collected.

CH16-02		
Sample	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
122238	0.04	60
122239	0.03	110
122240	0.91	150
122241	1.19	380
122242	0.06	50
122243	2.11	110
122244	0.59	40
122245	0.53	(BDL)
122246	2.50	40
122247	0.08	40

Calculated Li₂O% and Ta (ppm) values of samples

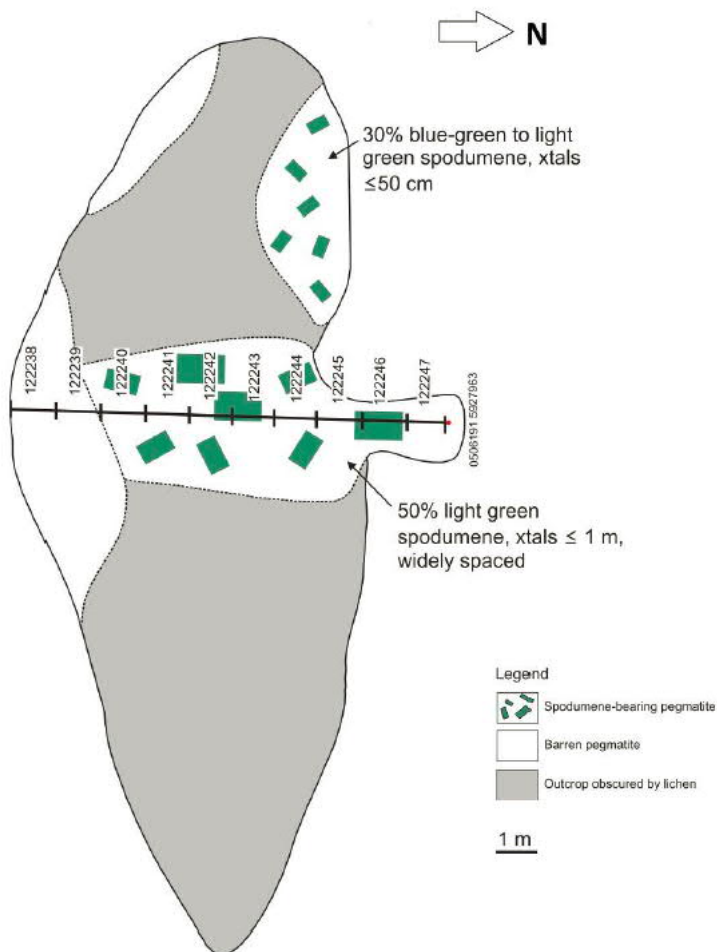


Figure 3: Map of Outcrop and Channel CH16-02

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Channel 3 (CH16-03)

CH16-03 was located on the smallest outcrop and was approximately 4m in length trending south to north. No significant portion of this outcrop was excavated due to heavy snowfall the day the channel was cut and 4 samples were collected in total.

CH16-03		
Sample	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
122248	5.58	30
122249	3.55	110
122250	2.54	80
122251	1.22	50

Calculated Li₂O% and Ta (ppm) values of samples



Sample assaying 3.55% Li₂O in drill target zone from CH16-03



CH16-03 pre-cut

Summary

The results of the detailed channel sampling program have confirmed that the outcrops located and sampled in the in the high priority drill target zones at the Cancet Lithium Project are consistently mineralised. A total of 13 samples return Li₂O values >1.0%, with a high of 5.58% Li₂O.

The average value from all samples collected was 1.47% Li₂O which is higher than the current major lithium deposits in Quebec including:

Nemaska Lithium (TSX:NMX)
Galaxy Resources (ASX:GXY)
Sayona Mining (ASX:SYA)
Critical Elements Corp (TSX-V:CRE)

Whabouchi Deposit 43.8Mt @ 1.46% Li₂O (NI 43-101)
James Bay Deposit 22.2Mt @ 1.28% Li₂O (JORC)
Authier Deposit 13.75Mt @ 1.06% Li₂O (JORC)
Rose Deposit 37.2Mt @ 0.95% Li₂O (NI 43-101)

The width of each of the three channel samples were limited only by the exposure of rock before the rock could no longer be cleared by hand tools and remains open. This demonstrates the significant potential that remains at the Cancet Lithium Project to further increase both the size and scale of the spodumene-bearing pegmatite outcrops at surface.

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In addition, the majority of the samples collected returned anomalous tantalum (Ta_2O_5) values, which will likely increase the economic potential of the mineralised pegmatite. The average of all samples received at the Cancet Lithium Project for tantalum that were above the minimum detection limit of 30 ppm Ta_2O_5 was 102.5 ppm Ta_2O_5 , with the highest value returning 380 ppm Ta_2O_5 .



Trench excavated prior to cutting CH16-01



Channel sample assaying 4.94% Li_2O in drill target zone from CH16-01

Preliminary Metallurgical Testing

A 5kg sample of mineralised pegmatite from the Cancet Lithium Project was subjected to metallurgical analysis to generate an indicative profile. Testing was completed at NAGROM Laboratories in Perth under the supervision of Mr Noel O'Brien, Trinol Pty Ltd and Primero.

The sample was sourced from a pegmatite outcrop exhibiting visual spodumene crystal formations within the drill target zone, which the Company channel sampled during a pre-drilling site visit in early March 2017. The sample was sent directly to NAGROM, where indicative mineralogy profiling and metallurgical testing was carried out:

- Crushing to 10mm for analysis and density profiling by Heavy Liquid Separation (HLS) after screening fines at 1mm
- The content of the 2.95 sinks fractions were examined by XRD mineralogy to determine the dominant lithium mineral

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NAGROM reported the following results:

SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Department	Mineralogy
3.0 sink	10.17%	6.48	62.4%	67% spodumene, 9% mica
3.0 float	2.91%	5.39	14.9%	44% spodumene, 6% mica
2.95 float	0.96%	4.48	4.1%	
2.9 float	3.17%	3.37	10.1%	
2.8 float	3.09%	1.73	5.1%	
2.7 float	60.45%	0.05	3.0%	
2.6 float	19.17%	0.03	0.5%	
2.5 float	0.08%	0.19	0.0%	

Table 1: HLS beneficiation on -10+1mm (1.20% Li₂O outcrop sample)

In summary, using a 2.95 sink, a mass yield of 13% was obtained at a concentrate grade of 6.24% Li₂O with an associated lithium department of 77%, which is well above the benchmark grade of 6% Li₂O required to meet the battery market. This result was achieved at a crush size of 10mm from a sample with a head grade of 1.20% Li₂O, which the Company considers is underestimating the high-grade nature of the pegmatite at Cancet having now completed Phase I drilling.

With such strong results from a relatively low head grade sample, there may be significant upside in both mass yields and concentrate grades. The opportunity to adopt a simple processing strategy is significant as it can ultimately lead to a considerably lower CAPEX and lower OPEX compared to peer operations, for a comparable output.

Also of significance is the results of the 2.7 floats which indicate that as much as 80% of the mass fed to the DMS only contains 3.5% of the lithium and could be sent directly to residue. This would result in a significant CAPEX and OPEX saving in the processing plant compared to other operations.

Peer Comparison

To put these results in perspective, the HLS results have been benchmarked against other lithium results. Tawana Resources (ASX:TAW) recently reported excellent metallurgical test results for its Bald Hill Project in Western Australia (see ASX announcement "Excellent Results from Large Scale Metallurgical Test Work" dated 16 March 2017):

Fraction	Mass Yield	Assay % Li ₂ O	Lithium Department
Primary Concentrate	16.5%	6.43	76.4%
Secondary Concentrate (middling product)	16.1%	1.95	17.1%
Waste	67.4%	0.14	6.5%

Table 2: Weighted HLS beneficiation on -10+5.6mm and -5.6+1mm (1.41% Li₂O composite sample)

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With a comparable testing regime, Tawana achieved a mass yield of 16.5% producing a comparable 6.43 % Li_2O concentrate with an associated lithium deportment of 76% at a crush size of 10mm from a composite feed with a head grade of 1.41% Li_2O .

Tawana recently secured a binding offtake agreement for their 6% spodumene concentrate at US\$880/t FOB Esperance (see ASX announcement "Lithium Offtake Agreement and Prepayment" dated 26 April 2017).

Completion of Phase I Diamond Drilling Campaign

During the year, the Company completed a 40-hole diamond drilling campaign totalling approximately 4,350m designed to drill test the mineralised strike of the pegmatite.

Highlights include:

- MTC17-021 – 21.46 m @ 2.24% Li_2O and 310 ppm Ta_2O_5 from 5 m depth, including:
 - 11.46 m @ 3.23% Li_2O (15.00 m to 26.46 m); or
 - 3.01 m @ 4.82% Li_2O (16.99 m to 20.00 m); and
 - a sample high of 6.61% Li_2O at 18 m depth
- MTC17-022 – 17.00 m @ 2.06% Li_2O and 327 ppm Ta_2O_5 from 6 m depth, including:
 - 8.15 m @ 3.44% Li_2O and 558 ppm Ta_2O_5 (6.00 to 14.15 m); or
 - 4.00 m @ 4.72% Li_2O (9.02 m to 13.02 m); and
 - a sample high of 5.55% Li_2O at 10 m depth
- MTC17-013 – 15.88 m @ 1.82% Li_2O and 171 ppm Ta_2O_5 from 18.12 m depth, including:
 - 5.00 m @ 2.88% Li_2O and 126 ppm Ta_2O_5 (25.00 m to 30.00 m); and
 - a sample high of 4.61% Li_2O at 25 m depth
- MTC17-020 – 6.25 m @ 3.58% Li_2O and 332 ppm Ta_2O_5
- MTC17-025 – 11.02 m @ 2.93% Li_2O and 317 ppm Ta_2O_5
- MTC17-014 – 10.00 m @ 2.67% Li_2O and 333 ppm Ta_2O_5 from 21 m depth, including a sample high of 5.92% Li_2O at 27 m depth
- MTC17-040 – 5.00 m @ 2.56% Li_2O and 92 ppm Ta_2O_5

The mineralised pegmatite body is open in all directions with a total defined strike length of the host pegmatite body of ~1.2 km. In addition to the encouraging lithium grades intersected near surface, significant tantalum mineralisation continued to be intersected. Drill hole MTC17-010 returned 444 ppm Ta_2O_5 over 34 m including a peak sample assay of 970 ppm Ta_2O_5 . The zonation of the lithium and tantalum within the mineralised body at Cancet is not yet well-understood, with geological modelling ongoing to further define the relationship.

A LIDAR and orthophoto survey was also recently completed over the Property. The survey provided high-accuracy topographic control to assist with geologic and resource modelling, as well as support regional prospecting work and the Phase II drill program planned for next quarter.

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A summary of drill analytical results is found at the table below.

Table A: Analytical Summary of Drill Results

DDH ID	From (m)	To (m)	Interval (m)	Li2O (%)	Ta2O5 (ppm)	Comments
MTC17-001	50.34	55.00	4.66	0.13	774	
MTC17-002	9.00	14.08	5.08	2.63	298	4.89% Li ₂ O assay high
MTC17-003	-	-	-	-	-	No samples collected
MTC17-004	-	-	-	-	-	No samples collected
MTC17-005	-	-	-	-	-	No samples collected
MTC17-006	-	-	-	-	-	No samples collected
MTC17-007	-	-	-	-	-	No significant mineralization
MTC17-008	-	-	-	-	-	No significant mineralization
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 Ta ₂ O ₅ assay high
Incl.	50.00	56.00	6.00	1.72	545	4.50% Li ₂ O 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% Li ₂ O assay high
MTC17-014	21.00	31.00	10.00	2.67	333	5.92% Li ₂ O 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% Li ₂ O assay high
Incl.	18.00	26.00	8.00	3.69	458	5.02% Li ₂ O assay high
MTC17-016	-	-	-	-	-	No significant mineralization
MTC17-017	-	-	-	-	-	No samples collected
MTC17-018	-	-	-	-	-	No samples collected
MTC17-019	-	-	-	-	-	No samples collected
MTC17-020	30.45	36.70	6.25	3.58	332	5.55% Li ₂ O 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% Li ₂ O assay high
or	18.00	26.46	8.46	3.50	746	2,000 ppm Ta ₂ O ₅ assay high
MTC17-022	6.00	23.00	17.00	2.06	327	3,490 ppm Ta ₂ O ₅ assay high
Incl.	6.00	14.15	8.15	3.44	558	5.55% Li ₂ O assay high
MTC17-023	22.59	27.83	5.24	1.37	191	2.33% Li ₂ O assay high
MTC17-024	-	-	-	-	-	No significant mineralization
MTC17-025	40.98	52.00	11.02	2.93	317	5.17% Li ₂ O assay high
or	45.64	53.58	7.94	2.25	367	Ta interval
MTC17-026	-	-	-	-	-	No significant mineralization
MTC17-027	-	-	-	-	-	No samples collected
MTC17-028	-	-	-	-	-	No samples collected
MTC17-029	-	-	-	-	-	No samples collected
MTC17-030	-	-	-	-	-	No significant mineralization

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MTC17-031	-	-	-	-	-	No significant mineralization
MTC17-032	-	-	-	-	-	No significant mineralization
MTC17-033	-	-	-	-	-	No samples collected
MTC17-034	69.67	76.87	7.20	0.02	470	2.26% Li ₂ O assay high, 5,440 ppm Ta ₂ O ₅ assay high
MTC17-035	55.58	72.78	17.20	0.10	171	0.53% Li ₂ O assay high, 380 ppm Ta ₂ O ₅ assay high
MTC17-036	-	-	-	-	-	No significant mineralization
MTC17-037	-	-	-	-	-	No significant mineralization
MTC17-038	59.82	66.86	7.04	0.00	176	
MTC17-039	-	-	-	-	-	No significant mineralization
MTC17-040	41.00	46.00	5.00	2.56	92	4.97% Li ₂ O assay high

(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.

Advanced HLS Metallurgical Test work – Drill Core Samples

To better define the metallurgical and mineralogical characteristics of the pegmatite at Cancet, and to further the knowledge of the potential processing routes of the spodumene bearing pegmatite, beyond the results of the outcrop metallurgical test work program, the Company undertook a subsequent study based on drill core from representative sites.

Highlights include:

- 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% Li₂O 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
- A High Grade Composite (2.35% Li₂O) produced a concentrate grade of 6.41% Li₂O 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
- A Mid Grade Composite (1.54% Li₂O) produced a concentrate grade of 6.12% Li₂O from 10mm crush indicating DMS gravity separation at SG 2.8 will recover 95% of the lithium in 24% of the DMS mass
- The Low Grade Composite (1.06% Li₂O) produced a concentrate grade of 5.90% Li₂O 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% Fe₂O₃) – producing a high purity coarse grain premium spodumene concentrate:
 - Low to Moderate iron oxide content in concentrate < less than 1.5% Fe₂O₃, which will be lowered by magnetic separation.
- Initial results suggest product suite will meet and exceed grade requirements for battery market
- Cancet metallurgical test-work compares favourably against other advanced lithium projects

METALSTECH LIMITED**DIRECTOR'S REPORT****FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

During the year, a 100kg sample from the Cancet Lithium Project was subjected to metallurgical analysis to generate a representative profile. Testing was completed at NAGROM Laboratories in Perth under the supervision of Mr Noel O'Brien, Trinol Pty Ltd and Primero.

Samples were sourced from split drill core from the Phase I drilling campaign that was recently completed at Cancet. Hole selection was guided by the requirement to ensure that the metallurgical testing would provide a representative view of the deposit at Cancet.

The samples were sent directly to NAGROM, where metallurgical testing was carried out, which involved crushing to 10mm for analysis and density profiling by Heavy Liquid Separation (HLS) after screening fines at 1mm.

Using the batched samples, three different composites were created, being a High Grade (HG) feed, a Mid Grade (MG) feed and a Low Grade (LG) feed, to ensure that the metallurgical profiling presented a representative view of the deposit at Cancet.

NAGROM reported the following results:

HG Composite

SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Deportment	Assay % Fe ₂ O ₃
3.0 sink	29.89%	6.84%	86.68%	1.38%
3.0 float	2.73%	5.28%	6.10%	1.45%
2.95 float	0.92%	4.46%	1.75%	1.60%
2.9 float	2.18%	2.91%	2.69%	2.39%
2.8 float	3.89%	1.20%	2.00%	2.38%
2.7 float	45.00%	0.038%	0.73%	0.16%
2.6 float	15.32%	0.007%	0.05%	0.03%
2.5 float	0.07%	0.43%	0.01%	2.59%

Table 1: HLS beneficiation on -10+1mm (HG Composite), 2.35% Li₂O head grade

Commentary

Using a 2.8 SG sink, a mass yield of 35.72% was obtained at a concentrate grade of 6.41% Li₂O with an associated lithium deportment of 97.22%, which is well above the benchmark grade of 6% Li₂O required to meet the battery market. This result was achieved at a crush size of 10mm from a sample with a head grade of 2.35% Li₂O.

Also of significance is the results of the 2.8 SG floats which indicate that as much as 65% of the mass fed to the DMS only contains 2.8% of the lithium and could be sent directly to residue.

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SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Deportment	Assay % Fe ₂ O ₃
3.0 sink	18.74%	6.76%	82.46%	1.43%
3.0 float	1.79%	5.15%	5.98%	1.50%
2.95 float	0.80%	3.90%	2.04%	2.07%
2.9 float	2.46%	2.72%	4.36%	2.17%
2.8 float	5.02%	1.13%	3.68%	4.41%
2.7 float	54.37%	0.04%	1.45%	0.20%
2.6 float	16.62%	0.002%	0.02%	0.06%
2.5 float	0.20%	0.06%	0.01%	0.70%

Table 2: HLS beneficiation on -10+1mm (MG Composite), 1.54% Li₂O head grade**Commentary**

Using a 2.8 SG sink, a mass yield of 23.79% was obtained at a concentrate grade of 6.12% Li₂O with an associated lithium deportment of 94.84%, which is well above the benchmark grade of 6% Li₂O required to meet the battery market. This result was achieved at a crush size of 10mm from a sample with a head grade of 1.54% Li₂O.

Also of significance is the results of the 2.8 SG floats which indicate that as much as 76% of the mass fed to the DMS only contains 4.2% of the lithium and could be sent directly to residue.

LG Composite

SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Deportment	Assay % Fe ₂ O ₃
3.0 sink	11.55%	6.82%	74.41%	1.69%
3.0 float	1.91%	5.08%	9.19%	1.40%
2.95 float	0.84%	4.40%	3.50%	1.32%
2.9 float	2.22%	2.40%	5.02%	2.09%
2.8 float	5.37%	1.02%	5.17%	3.20%
2.7 float	63.11%	0.04%	2.50%	0.37%
2.6 float	14.83%	0.009%	0.13%	0.08%
2.5 float	0.16%	0.49%	0.07%	3.04%

Table 3: HLS beneficiation on -10+1mm (LG Composite), 1.06% Li₂O head grade**Commentary**

Using a 2.8 SG sink, a mass yield of 16.52% was obtained at a concentrate grade of 5.90% Li₂O with an associated lithium deportment of 92.121%, which compares favourably with the benchmark grade of 6% Li₂O required to meet the battery market. This result was achieved at a crush size of 10mm from a sample with a head grade of 1.06% Li₂O.

This grade could readily be raised above 6.0% by operating at a slightly higher density of 2.9.

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Also of significance is the results of the 2.8 SG floats which indicate that as much as 83% of the mass fed to the DMS only contains 7.9% of the lithium and could be sent directly to residue.

With such strong results achieved across each of the three composite samples, there is potential to adopt a simple processing strategy which could ultimately lead to a considerably lower CAPEX and lower OPEX compared to peer operations, for a comparable output.

Cancet Field Exploration Program

During the year, the Company completed a 10-day field mapping and sampling program, focused on the main drilling area, as a pre-cursor to the commencement of Phase II drilling. The field program was designed to follow up on the Phase I drill program that intersected significant shallow and high grade lithium and tantalum mineralisation over wide widths.

The Company is pleased to report the discovery of a large pegmatite outcrop located approximately 1 km east and along strike of the currently mapped and drilled mineralised pegmatite body.

This is a significant discovery due to the limited outcrop exposure at Cancet and demonstrates the strong potential for the mineralised strike to extend beyond that currently delineated, as well as for additional pegmatite to be present elsewhere in the area under cover of shallow overburden.

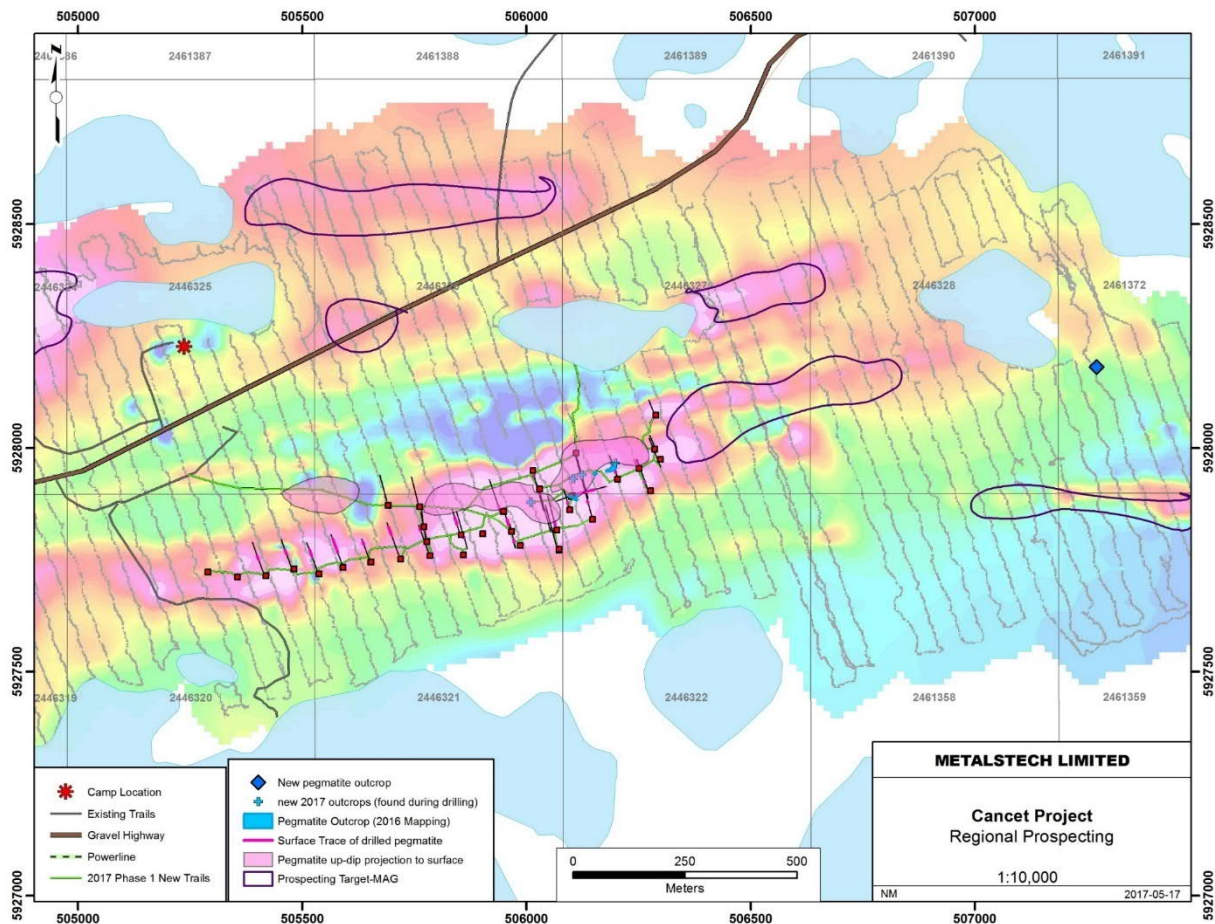
As part of the field program, the Company also completed approximately 60 km of ground magnetic surveying designed to assist with the ongoing definition of the pegmatite structure at Cancet.

The ground magnetic survey focused on the previously mapped and drilled pegmatite body at Cancet and its surroundings as a method of further defining the magnetic signature associated with the mineralisation, and then tracing it along strike and parallel to define additional targets.

The host rock of the pegmatite at Cancet has a strong magnetic signature, which allows the Company a cost effective and indirect way to readily identify targets for follow up exploration and drilling.

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The figure below illustrates the results of the ground magnetic survey.



Ground magnetic survey with new pegmatite discovery at the Cancet Lithium Project

The ground magnetic survey identified a number of additional magnetic signatures, along strike in both directions as well as sub-parallel, that may be associated with pegmatite at Cancet. Drilling to date has defined a pegmatite strike of ~1.2 km. The completion of the recent magnetic survey indicates significant potential for major strike extensions in both directions, as well as along the sub-parallel signatures, which may host additional pegmatite bodies.

These areas are high priority for drill testing and offer significant exploration upside for the project.

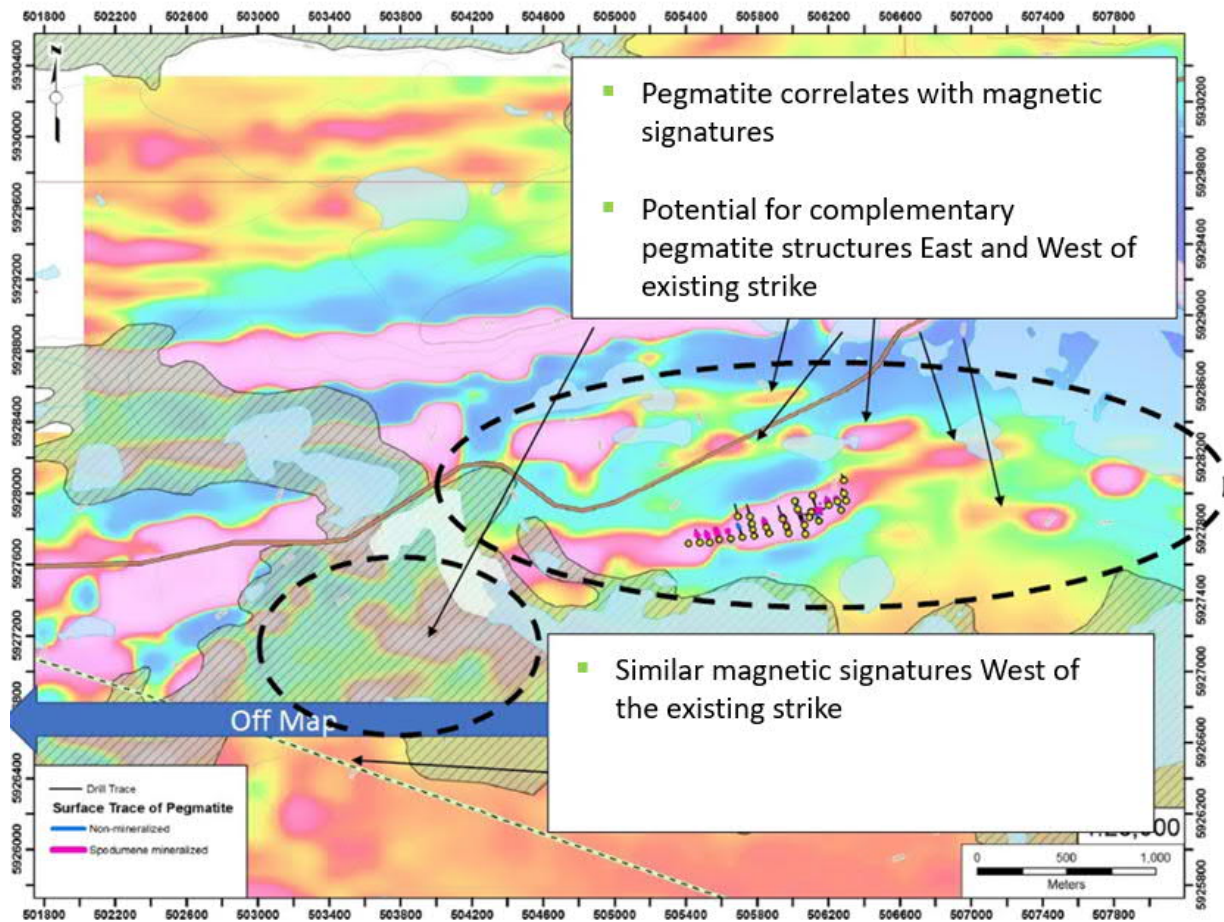


Figure 5: Regional magnetic map highlighting strike extensions and sub-parallel magnetic targets interpreted to be prospective for pegmatite occurrences

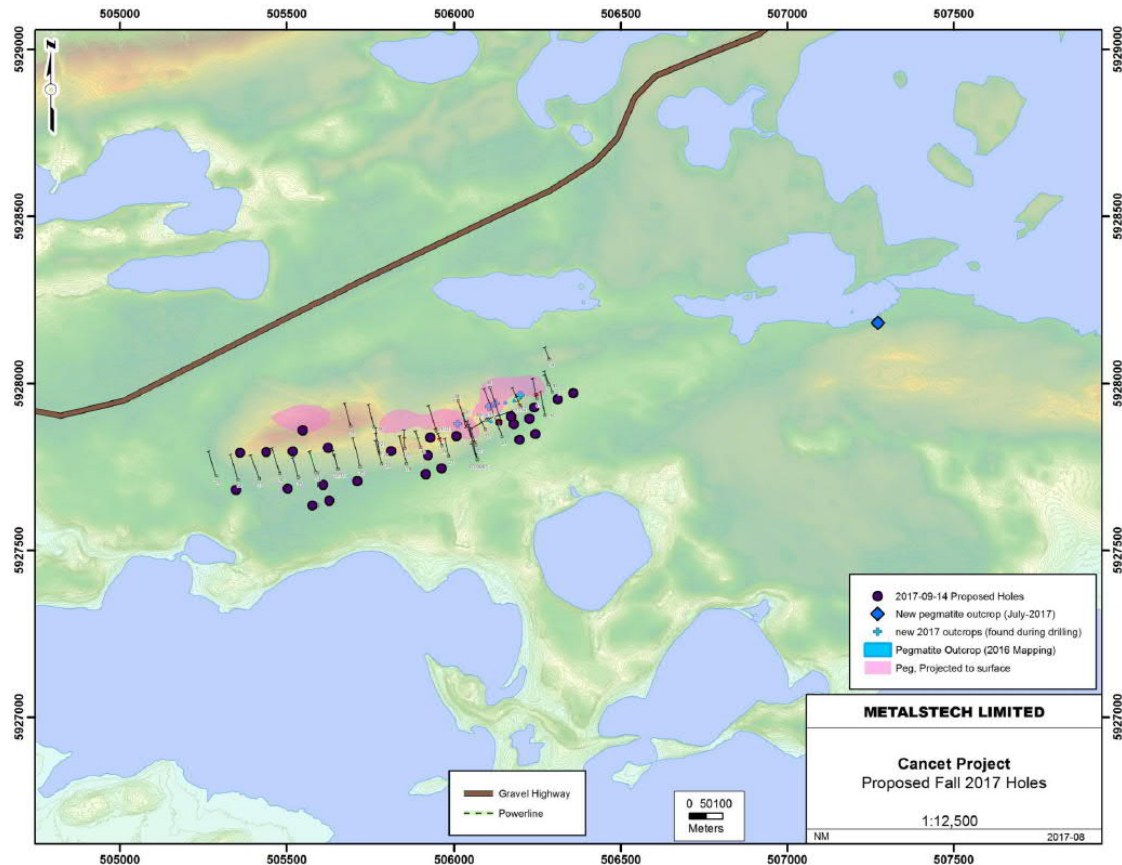
The numerous analogous magnetic signatures to the known mineralisation along strike and sub-parallel, coupled with the new pegmatite discovery ~1 km along strike, demonstrate the strong potential for significant tonnage expansion at Cancet.

A soil geochemistry orientation survey was also completed across the main zone of mineralisation at Cancet with the objective of defining the mineralised signature. Results are pending, however, if successful, the Company intends to expand this survey over the entire drill area, as well as regionally, as it would provide for a cost effective and efficient method of peering through the overburden to identify potentially mineralised pegmatites for drill targeting.

Outcrop is rare at Cancet with a veil of sandy soil covering the area, obscuring much of the geology making indirect tools, such as ground magnetics and soil sampling, key to evaluation.

New Pegmatite Outcrop

The Company identified a new pegmatite outcrop located approximately 1km east of the main drill zone, along strike. There is potential for significant linking of strike and a potential order of magnitude change in the project metrics, beyond existing plans for down-dip drilling.



The new pegmatite outcrop, which has been discovered approximately 1km east of the core drill zone, along strike, is a significant outcrop discovery for the Company, and is shown below. Due to the limited outcropping at Cancet, discoveries such as this demonstrate the continuity of the significant pegmatite body beyond the current mineralised strike of ~1.2km.



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Completion of Phase II Drilling Program

During the year, the Company completed a 17-hole diamond drilling campaign totalling approximately 1,300m designed to drill test the mineralised strike of the pegmatite.

Highlights include:

- MTC17-044 – 5.00m @ 1.83% Li₂O from 8.00m depth, including:
 - 1m @ 6.18% Li₂O (12.00m to 13.00m); and
 - 2m @ 1.46% Li₂O (8.00m to 10.00m)
- MTC17-049 – 14.96m @ 1.43% Li₂O from 1.54m depth, including:
 - 7.96m @ 2.55% Li₂O (1.54 to 8.50m)
- MTC17-050 – 4.35m @ 1.79% Li₂O from 18.29m depth, including:
 - 2.18m @ 2.29% Li₂O (19.4 m to 21.58m)
- MTC17-053 – 3.59m @ 1.23% Li₂O (11.34m to 14.93m)
- Cancet continues to demonstrate near surface high grade mineralisation
- Resource definition drilling planned at Cancet in mid-2018 designed to extend the strike of the mineralised pegmatite zone as well as further define the mineralisation at depth and drill test additional targets identified through the magnetic survey
- Field mapping, sampling, stripping and trenching of secondary targets, including targets at the newly acquired Cancet East project will also be completed concurrent to the resource definition drilling program

The pegmatite body at Cancet remains to be delineated with a total defined strike length of approximately 1.2 km. In addition to the high lithium grades intersected near surface, significant tantalum mineralisation continues to be intersected. Drill hole MTC17-043 returned 689 ppm Ta₂O₅ over 9.66 m including a peak sample assay of 2,223 ppm Ta₂O₅. The zonation of the lithium and tantalum within the mineralised body at Cancet is being investigated further, with geological modelling ongoing to further define the relationship.

A comprehensive field mapping and sampling campaign is planned to take place during 2018 focused on mapping other identified targets at Cancet, including the recently acquired Cancet East ground. The Company plans to continue resource definition drilling in 2018 together with a maiden drilling campaign at the Adina Lithium Project in February 2018.

The 2016 field program at Adina identified an extensive outcropping pegmatite that was sampled over a strike length of ~680 m, and interpreted to potentially extend another 1.3 km along strike (total of approximately 2.0 km). Drilling will test the grade, strike, and depth of the mineralisation sampled at surface.

In late September 2017, the Company commenced the Phase II diamond drilling campaign at Cancet. The modest program included 19 holes for approximately 1,275 m and was designed to extend the mineralised envelope around the high-grade "core" zone, as well as drill test the newly discovered pegmatite outcrop ~1 km east along strike.

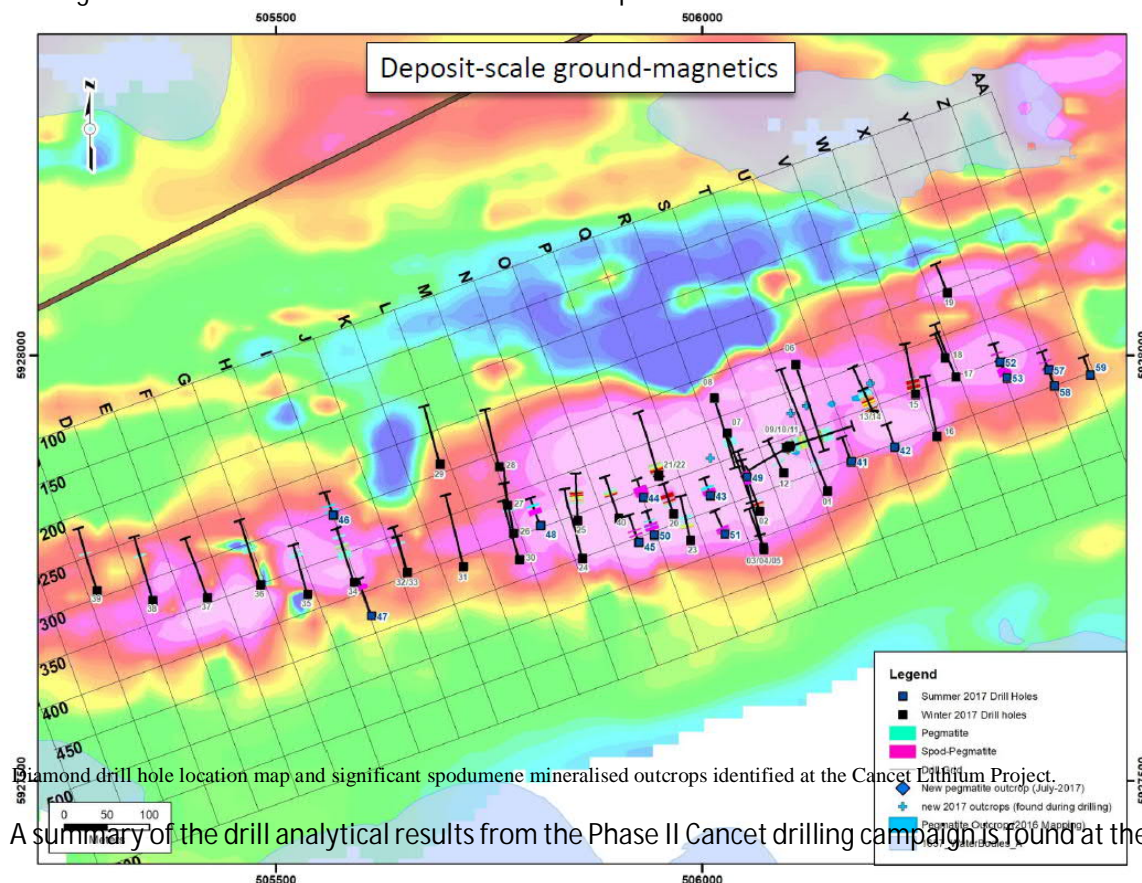
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The results from recent drilling have identified additional spodumene mineralised intercepts which start at or near-surface. The program was successful in extending the mineralisation a further ~100 m eastward along strike.

The figure below illustrates the location of the completed drill holes from Phase I and Phase II.



Diamond drill hole location map and significant spodumene mineralised outcrops identified at the Cancet Lithium Project.

A summary of the drill analytical results from the Phase II Cancet drilling campaign is found at the table below.

Table A: Analytical Summary of Drill Results

DDH ID	From (m)	To (m)	Interval (m)	Ta2O5 (%)	Li2O (%)	Comments
MTC17-041						NO SAMPLES - NO PEG
MTC17-042	6.00	9.74	3.74	0.0451	0.10	0.229% Ta2O5 assay high
MTC17-043	6.40	12.40	6.00	0.0440	0.97	1.76% Li2O assay high, 0.016% Ta2O5 assay high
or	8.31	17.97	9.66	0.0689	0.48	0.223% Ta2O5 assay high
MTC17-044	8.00	10.00	2.00	0.0015	1.46	
	12.00	13.00	1.00	0.0015	6.18	
	28.00	35.20	7.20	0.0226	0.12	
MTC17-045	18.66	24.07	5.41	0.0172	0.01	

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MTC17-046	0.16% Li ₂ O assay high, 0.059% Ta ₂ O ₅ assay high				
MTC17-047	0.01% Li ₂ O assay high, 0.008% Ta ₂ O ₅ assay high				
MTC17-048	35.00	46.78	11.78	0.0322	0.05
	54.65	58.00	3.35	0.0246	0.04
MTC17-049	1.54	16.50	14.96	0.0215	1.43
Incl.	1.54	8.50	7.96	0.0250	2.55
MTC17-050	14.24	24.85	10.61	0.0211	0.59
incl.	19.40	21.58	2.18	0.0186	2.29
	29.96	34.72	4.76	0.0344	0.42
MTC17-051	3.50	19.07	15.57	0.0179	0.02
MTC17-052	25.12	29.58	4.46	0.0199	0.02
MTC17-053	11.34	34.69	23.35	0.0241	0.33
incl.	11.34	14.93	3.59	0.0138	1.23
MTC17-054	NO SAMPLES - NO PEG				
MTC17-055	NO SAMPLES - NO PEG				
MTC17-056	NIL				
MTC17-057	4.88	7.36	2.48	0.0305	1.01

(3) True widths of intersections are not known

(4) 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.

Cancet Exploration Target

An Exploration Target at the Cancet Lithium Project has been estimated in the range of 15Mt to 25Mt @ 1.0% to 2.0% Li₂O and 100ppm to 250 ppm Ta₂O₅. Hard-rock deposits which are currently under development host resources ranging from 16Mt @ 1.1% Li₂O (Mt Cattlin, Galaxy Resources), 18.9Mt @ 1.18% Li₂O (Bald Hill, Tawana Resources) and 23Mt @ 1.2% Li₂O (James Bay, Galaxy Resources).

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The Company notes that this Exploration Target is reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves (2012 Edition). The potential quantity and grade of this Exploration Target is therefore conceptual in nature. There has been insufficient work to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target was formulated following an independent review of the Company's exploration results including diamond core drilling, assays, field mapping, trenching, rock and channel sampling, magnetic survey and LiDAR survey. The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Cancet pegmatite deposit outcrops extensively at surface. The Company has defined a 1.2km mineralised strike on the main pegmatite, and has recently discovered an additional pegmatite outcrop 1.0km east of the main drilling zone. The body remains open along strike and recent drilling suggests that strike extensions may continue beneath shallow soil cover, with potential for linkage between the main drilling zone and the newly discovered pegmatite outcrop.

This style of deposit typically displays excellent continuity at depth and the Company is confident that significant depth extensions will be defined through future drilling programs.

Significant exploration potential extends both within the broader Cancet area, and outside the Company's owned tenure. A number of potential prospects have already been defined for further evaluation. While the Company is excited about the potential for additional discoveries in these areas, these prospects are not included in the current Exploration Target estimate.

The magnetic survey recently completed by the Company shows potential for both the doubling of length of the mineralised strike at Cancet and the possibility of a parallel structure to the north. In addition, there remains the possibility of an extension to the east at the recently discovered pegmatite outcrop. The new zone to the east also holds potential to be drilled both on strike and at depth to provide tonnage beyond the presently stated Exploration Target.

Exploration drilling targeting these newly defined areas would follow the planned resource drilling programs at Cancet. The Company expects that the current Exploration Target may be revised upwards with exploration success at these locations.

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Strategic Investment with Wuxi Baichuan Chemical Industry Co Ltd (BCC)

During the year, the company signed a binding agreement with Shenzhen Stock Exchange listed leading hi-tech fine chemicals manufacturer Wuxi Baichuan Chemical Industrial Co Ltd (BCC) based in China to take a circa 10% stake in MTC through an escrowed placement at 18 cents per share.

Highlights include:

- BCC to subscribe for 10,000,000 MTC shares at a price of \$0.18 per share to raise \$1,800,000 subject to 12 months' escrow
- MTC to facilitate BCC share accumulation strategy by introducing third party shareholders (and advisors) for the acquisition of up to a further 5,000,000 MTC shares through on-market and off-market purchases
- If BCC increases its share ownership to >12.5% through on-market and off-market share acquisitions to earn:
 - a right to participate in placements for 12 months to maintain ownership position
 - a right to match any project-level investment by a third party within 12 months up to 10% project-level interest
- If BCC increases its share ownership to >15% BCC will be entitled to an MTC board seat
- MTC and BCC to work in good faith to negotiate a project-level equity investment at its projects
- MTC, together with BCC, will work in good faith to negotiate a project-level equity investment at its projects as part of a larger strategy to develop lithium carbonate / hydroxide beneficiation facility in Quebec underpinned by spodumene concentrate feed from MTC projects

Wuxi Baichuan Chemical Industrial Co. Ltd (BCC) is listed on the Shenzhen Stock Exchange (SHE:002455) and specializes in the production of hi-tech fine chemicals. BCC has a market capitalisation of approximately 6 billion CNY.

More information can be found at www.bcchem.com/enindex.html

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Bay Lake Cobalt Project – Field Exploration Program

During the year, the company completed a field exploration program at the Bay Lake Cobalt Project, located in Ontario (Canada) as a pre-cursor to maiden drilling campaign.

Highlights include:

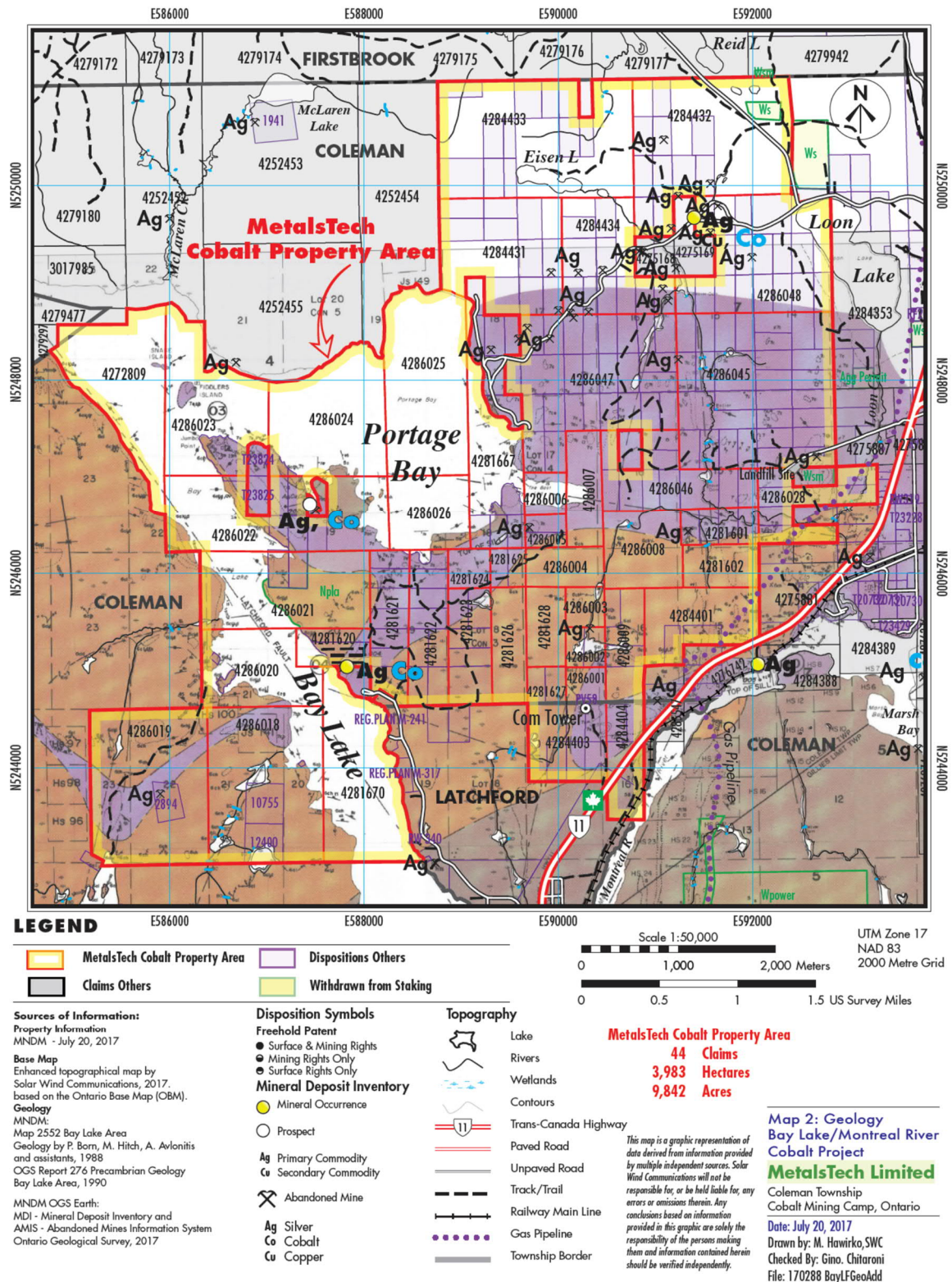
- Sampling program at Bay Lake confirms the presence of high grade cobalt mineralisation at surface across the prospective geological trend at the contact of the Nipissing Diabase
 - 1.17% Co and 7.7g/t Ag recovered from a surface “dump” pile at the Van Chester (Last Chance) Prospect
 - 0.40% Co recovered at the historic Price Prospect exploration pit where historic sampling of a surface “dump” pile returned 2.14% Co, 0.11% Cu, 0.48 g/t Au and 1,740 g/t Ag (refer to ASX announcement dated 16 May 2017 and titled “MetalsTech Expands High Grade Bay Lake Cobalt Project”)
 - 0.61% Co, 0.34% Co and 0.15% Co were recovered surrounding the historic Bay Lake exploration shaft where in-vein sampling of the cobaltite vein below ground assayed 15.36% Co (refer to ASX announcement dated 16 March 2017 and titled “MetalsTech to Acquire Two High Grade Cobalt Projects”)
 - 3.45g/t Au and 44.5g/t Ag also recovered around the Bay Lake exploration shaft and pit suggesting potential for Co-Ag-Au in the area
 - A previously un-reported zone of mineralisation at a historic pit located approximately 900m NE of the Bay Lake Prospect exploration shaft has assayed 0.30% Co and 16.4g/t Ag
- Re-sampling of the Bay Lake Prospect exploration shaft below ground was not possible due to water in-fill which prevented access
- Evaluation and interpretation of recent MAG and TDEM survey as well as a follow up field program is planned prior to commencement of maiden drilling

The Bay Lake High Grade Cobalt Project is located 10km SSW of the Historic Cobalt Mining Camp in the Cobalt Township on the eastern shore of Bay Lake in Coleman Township, Ontario, Canada. The map below illustrates the location of the project and the associated geology:

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Bay Lake High Grade Cobalt Project Location Map

The mineral claims are located approximately 10km SSW of First Cobalt Corp. (TSX: FCC), the owner of the Cobalt Camp Project where historical assays have reported cobalt grades up to 12.3% Co (range 0.42% Co to 12.3% Co - average of 5.84% Co) along strike in the same geological structure (refer to ASX announcement dated 28 November 2016 titled "High Grade Cobalt Project Acquisition, Canada").

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Historic in-vein sampling of the calcite veins at the Bay Lake Prospect have assayed 15.36% Co in cobalt-rich veins. Historic sampling from 1988 of surface "dump" material at the Price Prospect assayed 2.14% Co, 0.11% Cu, 0.48 g/t Au and 1,740 g/t Ag. Drilling in this area from the 1950's returned 1.5 m grading 7.95% Cu and 1.96 oz/ton Ag, with a 50-ton bulk sample grading 16% Cu and 12 oz/ton Ag collected from the same area in 1916. The Property has seen little exploration since the late 1980s.

The recently acquired Van Chester Cobalt Project includes mineral claims that are similarly host to historic exploration shafts and pits, including the Van Chester (Last Chance) Prospect where historic sampling of surface "dump" material assayed 0.38% Co (refer to ASX announcement dated 4 August 2017 and titled "MTC Acquires Van Chester and West Cobalt Projects, Ontario").

Recently, an airborne geophysical program consisting of MAG and TDEM has been completed at Bay Lake. Preliminary results from the MAG survey strongly illustrates the prospective trend that runs across the project in a NE-SW direction with a second regional trend operating in a NW direction off the main zone. The prospective trend is associated with the contact of the Nipissing Diabase where calcite veins have formed as an intrusive in the surrounding formations. Data from the MAG and TDEM surveys are still being analysed and interpretation is continuing with results expected in the next 10 days.

iCobalt Limited Spin Out

During the year, the company announced its proposed plans to spin out the Bay Lake Cobalt Project and the newly acquired Rusty Lake Cobalt Project, both located in Ontario, Canada.

Highlights include:

- Acquisition of Rusty Lake Cobalt-Nickel-Silver Project in Ontario will add to iCobalt's high-grade assets (refer to ASX announcement dated 23 November 2017)
 - 816 hectares including the historical silver and cobalt producing Rusty Lake Mine which operated between 1910-1913, 1936-1938 and 1964-1966
 - 540 hectares of the project area covers the Nipissing Diabase which is the target geological structure for high grade cobalt, silver and nickel within the area
 - Excellent infrastructure associated with historical mining and located 15km south of the town of Gowganda, Ontario with all-weather road access
 - Recent surface sampling at the Rusty Lake Mine yielded the following assays:
 - 4.38% Co, 85.7g/t, Ag, 2.08% Ni (stockpile off main mine shaft)
 - 6.08% Co, 3540g/t Ag, 8.64% Ni (stockpile off main mine shaft)
 - 3.26% Co, 478g/t Ag, 1.31% Ni (stockpile off main mine shaft)
 - 6.04% Co, 38.9g/t Ag, 1.6% Ni (stockpile off main mine shaft)
 - 11.85% Co, >10,000g/t Ag, 2.97% Ni (angular boulder)
 - 9.92% Co, >10,000g/t Ag, 3.93% Ni (angular boulder)
 - 6.33% Co, 69.1g/t Ag, 4.79% Ni (stockpile grab coarse)
 - 3.8% Co, 34.8g/t Ag, 3.93% Ni (stockpile grab coarse)
 - 5.08% Co, 19.4g/t Ag, 0.44% Ni (angular boulder)

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- 5.65% Co, 44.4g/t Ag, 0.48% Ni (angular boulder)
 - 1.47% Co, 30.9g/t Ag, 3.52% Ni (NE trench)
- iCobalt to explore and develop the High-Grade Bay Lake Cobalt Project:
 - Located 10km SSW of the Historic Cobalt Mining Camp of Cobalt Township and has assayed up to 15.36% Co in cobalt-rich veins (refer to ASX announcement dated 16 March 2017)
 - 1.17% Co and 7.7g/t Ag recovered from a surface “dump” pile at the Van Chester (Last Chance) Prospect (refer to ASX announcement dated 17 August 2017)
 - 0.40% Co recovered at the historic Price Prospect exploration pit where historic sampling of a surface “dump” pile returned 2.14% Co, 0.11% Cu, 0.48 g/t Au and 1,740 g/t Ag (refer to ASX announcement dated 17 May 2017 and 17 August 2017)
 - 0.61% Co, 0.34% Co and 0.15% Co were recovered surrounding the historic Bay Lake exploration shaft where in-vein sampling of the cobaltite vein below ground assayed 15.36% Co (refer to ASX announcement dated 16 March 2017 and 17 August 2017)
 - 3.45g/t Au and 44.5g/t Ag also recovered around the Bay Lake exploration shaft and pit suggesting potential for Co-Ag-Au in the area (refer to ASX announcement dated 17 August 2017)
 - A previously un-reported zone of mineralisation at a historic pit located approximately 900m NE of the Bay Lake Prospect exploration shaft has assayed 0.30% Co and 16.4g/t Ag (refer to ASX announcement dated 17 August 2017)
- Spin out of cobalt projects through iCobalt IPO progressing, iCobalt expected to list on the ASX during Q2 of 2018 under the ticker code ASX:1CO
- Mr David Riekie appointed as Managing Director of iCobalt having previously held positions as former Managing Director of Avonlea Minerals Limited (now AVZ Minerals Limited (ASX: AVZ)) and previous General Manager – Corporate of Battery Minerals Limited (ASX: BAT)
- Cherie Leeden appointed as VP Exploration to iCobalt Limited. Mrs Leeden is a Geologist with more than 15 years' experience in multi commodity mining and mineral exploration and has led teams through resource discovery and development across graphite, base metals, iron ore and coal, two of which are now in production
- Mrs Leeden was the co-founder and former Managing Director of Battery Minerals Limited (ASX:BAT) and was responsible for the discovery of an extensive portfolio of high grade graphite deposits in Mozambique
- Alto Capital appointed Lead Manager to the IPO of iCobalt
- Priority Offer for MTC shareholders
- Priority Offer will entitle MTC shareholders holding a minimum of 20,000 MTC shares, as at the Record Date (Priority Holder), a guaranteed right to subscribe for a minimum of 10,000 iCobalt shares at \$0.20 per share (Minimum Allocation) and scope to subscribe for additional shares
- Russell Moran, Gino D'Anna and Dr Qingtao Zeng appointed to iCobalt board

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Completion of Private Placement

During the year, the Company completed a series of private placements, as summarised below:

- In July 2017, the Company raised \$1 million (before costs) at an issue price of A\$0.185 per ordinary share, via the issue of 5,405,405 fully paid ordinary shares
- In October 2017, the Company completed a heavily oversubscribed placement to sophisticated and institutional investors via the issue of 4,200,000 fully paid ordinary shares at an issue price of \$0.18 per share to raise a further \$756,000 using the remaining ASX LR 7.1 placement capacity managed by Alto Capital
- In December 2017, the Company completed a heavily oversubscribed placement to sophisticated and institutional investors of 5,933,333 shares at \$0.30 per share to raise a further \$1.8 million, to be issued using the existing placement capacity pursuant to ASX Listing Rule 7.1

Renegotiation of Terre des Montagnes Agreement

During the year, the Company entered into a binding agreement with Glenn Griesbach and Junita Tedy Asihito (the Vendors) to vary the acquisition structure for the Terre des Montagnes Lithium Project (the Agreement). The total landholding of the Company at the Terre des Montagnes Lithium Project is approximately 7,680 hectares.

The Terre des Montagnes project is strategically located adjacent to and along strike of the Nemaska Lithium Inc. (TSX: NMX) 100%-owned Whabouchi Spodumene Mine which is currently undergoing development towards commercial production and hosts an NI 43-101 Reserve of 27.3Mt @1.46% Li₂O.

The variation of the terms for the acquisition of a 100% interest in the Terre des Montagnes Lithium Project will simplify ownership and operational structure in favour of MetalsTech. Importantly, eleven milestone share issues and cash payments have been cancelled which has materially reduced the fully diluted capital structure of the Company.

The removal of the requirement for MetalsTech to meet annual exploration expenditure commitments provides for greater transparency and promotes a more efficient exploration model. The renegotiated agreement also streamlines the structure of the net smelter royalty to the Vendors and allows MetalsTech to retain its 100% ownership at all times with the right to buy-back half of the royalty at any time in the future.

A field exploration program will take place during 2018 and is expected to consist of reconnaissance mapping, channel and rock sampling and airborne magnetic surveys.

In consideration for the variation of the acquisition agreement relating to Terre des Montagnes, and specifically the cancellation of the milestone share and cash payments, the streamline of the Net Smelter Royalty structure and the removal of minimum exploration expenditure commitments, MetalsTech issued to the Vendors the following consideration:

- MetalsTech issued the Vendors with 1,350,000 fully paid ordinary shares, which will be subject to escrow as follows: (to be completed within 2 business days)
 - 675,000 fully paid ordinary shares will be escrowed for 24 months from the date of issue; and
 - 675,000 fully paid ordinary shares will be escrowed for 12 months from the date of issue.

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MetalsTech now owns 100% of the Terre des Montagnes Lithium Project, with no further contingent liabilities or expenditure commitments.

Acquisition of Cancet East Project Claims

During the year, the Company entered into a binding agreement with Glenn Griesbach and Junita Tedy Asihto (the Vendors) to acquire the Cancet East claims totalling approximately 3,162 hectares (the Agreement). The total landholding of the Company at the flagship Cancet Lithium Project post-acquisition is approximately 12,746 hectares.

The Cancet East claims are strategically located along strike and to the east of the main Cancet mineralised zone and boast a similar geological environment. Several pegmatite outcrops are evident from high-resolution satellite imagery. A field exploration program will take place during 2018 to consist of reconnaissance mapping, channel and rock sampling and airborne magnetic surveys.

The consideration for the acquisition of the Cancet East claims is outlined below:

- An upfront payment of CAD\$10,000 will be made to the Vendors as a non-refundable exclusivity deposit (Cash Payment)
- MetalsTech will issue the Vendors with a total of 1,000,000 fully paid ordinary shares, which will be subject to escrow as follows (Share Payment):
 - 500,000 fully paid ordinary shares will be escrowed for 24 months from the date of issue;
 - 250,000 fully paid ordinary shares will be escrowed for 12 months from the date of issue; and
 - 250,000 fully paid ordinary shares will be escrowed for 6 months from the date of issue.
- On the date which is 6 months from the date of the execution of the Agreement, MetalsTech will make a final payment to the Vendors equal to CAD\$30,000
- The Vendors will retain a 1% Net Smelter Royalty

Following completion of the Share Payment and the Cash Payment as outlined above, MetalsTech will have earned its 100% interest in the Cancet East project, with no further contingent liabilities or expenditure commitments.

Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning MetalsTech. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of MetalsTech as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

METALSTECH LIMITED
DIRECTOR'S REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

ASX Listing Rules Compliance

Bay Lake Cobalt Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 17 August 2017.

Rusty Lake Cobalt Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 23 November 2017.

Reliance on Previous Announcements

In preparing the Quarterly Activities Report for the period ended 31 December 2017, the Company has relied on the following ASX announcements:

1. ASX announcement dated 16 March 2017;
2. ASX announcement dated 17 May 2017;
3. ASX announcement dated 17 August 2017;
4. ASX announcement dated 26 October 2017;
5. ASX announcement dated 9 November 2017;
6. ASX announcement dated 15 November 2017;
7. ASX announcement dated 23 November 2017;
8. ASX announcement dated 6 December 2017;
9. ASX announcement dated 15 December 2017; and
10. ASX announcement dated 19 December 2017.

In relying on the above ASX announcements and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the abovementioned announcements or this Quarterly Activities Report for the period ended 31 December 2017.

Competent Person Statement

Rusty 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. Martin Ethier, PGeo, is a Competent Person who is a Professional Geologist registered with the Ordre des géologues du Québec (Member # 1520), in Canada. Mr. Martin Ethier, PGeo, is an independent consultant to MetalsTech Limited and iCobalt Limited. Mr. Martin Ethier and all competent persons are independent from the issuer of this statement, MetalsTech Limited. Mr. Martin Ethier 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. Martin Ethier consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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

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 Geologists 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.

METALSTECH LIMITED

DIRECTOR'S REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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.

The information in this announcement that relates to exploration results is based on information compiled by or under the supervision of Stewart A. Jackson (PhD, P Geo). Dr. Jackson is the principal of SAJ Associates and a member of the Association of Professional Geoscientists of Ontario. Dr. Jackson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity 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. Dr. Jackson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Metallurgical Testing

The information in this announcement that relates to metallurgy and metallurgical test work has been reviewed by Mr Noel O'Brien, FAusIMM, MBA, B. Met Eng. Mr O'Brien is not an employee of MetalsTech, but is employed as a contract consultant. Mr O'Brien is a Fellow of the Australasian Institute of Mining and Metallurgy, and he has sufficient experience with the style of processing response and type of deposit under consideration, and to the activities undertaken, to qualify as a competent person as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr O'Brien consents to the inclusion in this report of the contained technical information in the form and context as it appears. Mr O'Brien meets the requirements to act as a Qualified Person.

After balance date events

Subsequent to the Period on 19 February 2018 the Company commenced a maiden diamond drilling campaign at the Company's 100% owned Adina Lithium Project in Quebec, Canada.

Highlights include:

- ~2,000m diamond core drilling campaign has commenced at the 100%-owned Adina Lithium Project where the Company has identified an approximate 350m x 2km outcropping pegmatite with high grade lithium mineralisation at surface with assays up to 3.12% Li₂O
- Drilling campaign to test strike, dip, and plunge continuity of pegmatite, as well as test the mineralised zones within the pegmatite structure
- Maiden drill program will be phase 1 of a two-phase drilling strategy designed to delineate an initial resource
- Adina is located in close proximity to Cancel and may present complimentary development opportunities
- Metallurgical and mineralogy test work to be completed on representative drill core

An approximate seven-week drill program for a total of 2,000m has commenced at Adina. The Adina Project is located ~60 km south of the Mirage Lodge, in the James Bay Region of Quebec.

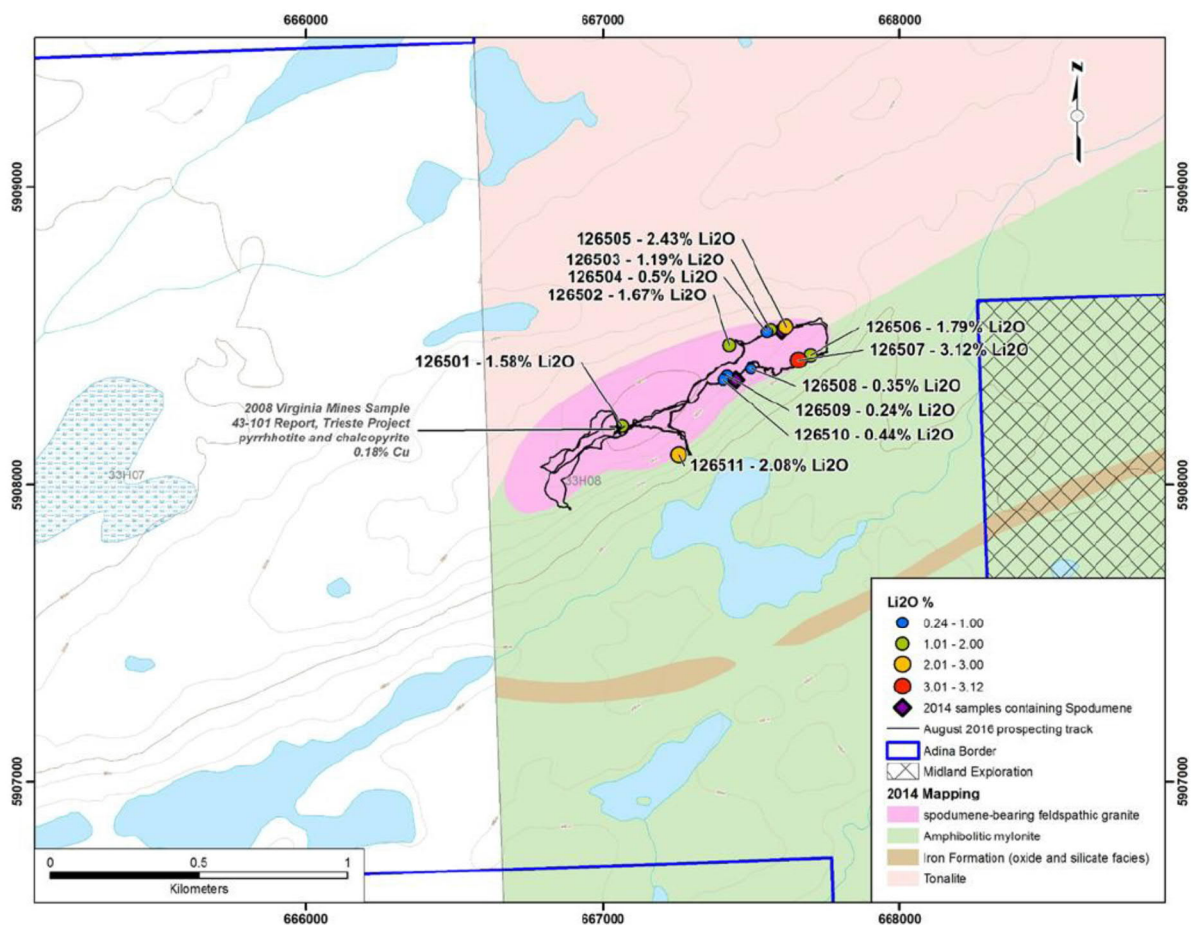
METALSTECH LIMITED

DIRECTOR'S REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The project is considered prospective for lithium with spodumene bearing pegmatite confirmed over a significant portion of an outcropping pegmatite zone.

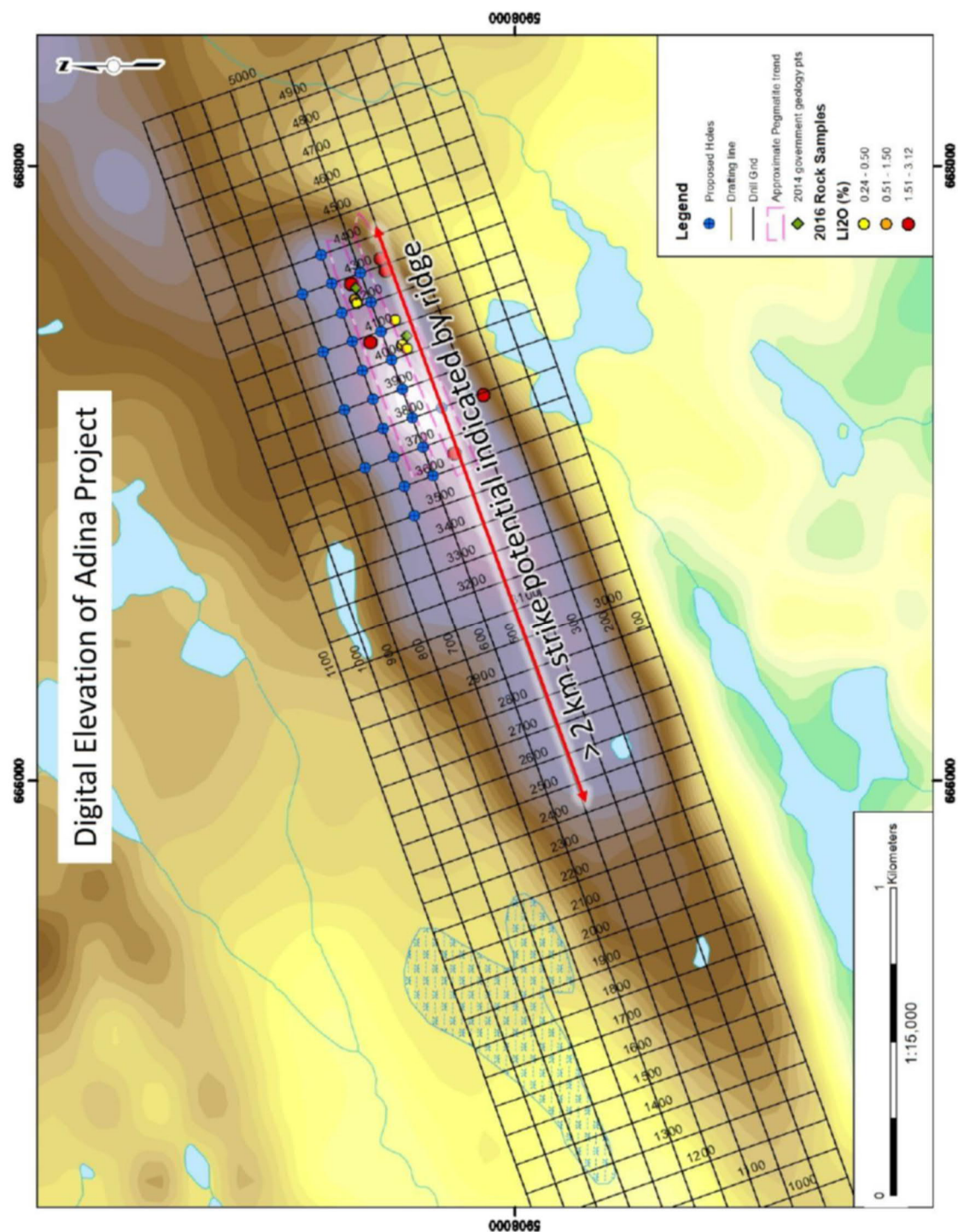
Previous mapping completed by the Company in 2016 identified outcropping pegmatite, with high spodumene concentrations. Subsequent assay results (rock chips) included 1.58% Li₂O, 2.43% Li₂O, 1.19% Li₂O, 1.67% Li₂O, 2.08% Li₂O, 3.12% Li₂O and 1.79% Li₂O. These results were previously disclosed in the Company's Prospectus lodged with the ASIC dated 7 December 2016.



A 15 to 25 -hole drill program is proposed for a total of approximately 2,000 m. The primary objectives of the program is to test two pegmatite trends, identified and sampled in 2016, along strike and at depth.

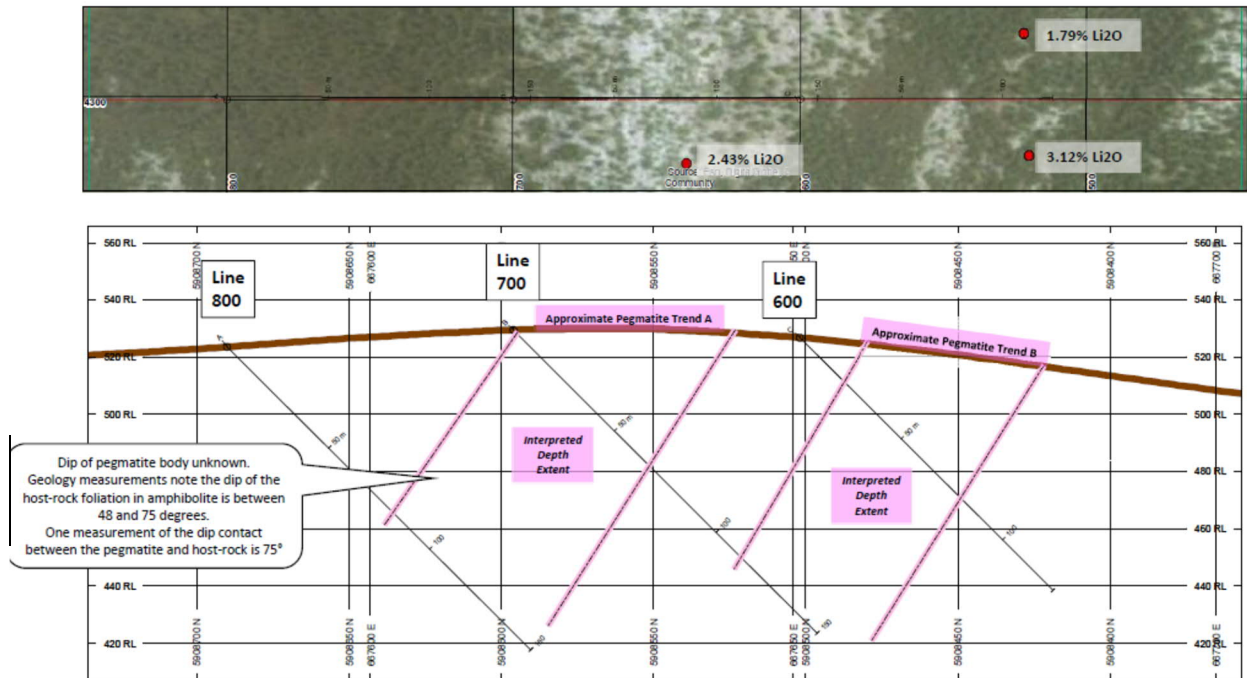
Cabo Drilling Corp. (Ontario) has been appointed to complete the diamond drilling campaign with Dahrouge Geological Consultants engaged to oversee the drilling program including core logging, sample preparation and geological modelling.

Drill locations will be refined as the program progresses, with a preliminary drill plan layout illustrated below. Drilling will primarily be guided by a topographic high ridge and its trend, thought to be an expression of the pegmatite. Dip of the pegmatite body is not known, however it is thought that based on current data, it may be moderate to steep (45-75 degrees). Drill holes will be oriented to cross-cut the trend of the pegmatite.



METALSTECH LIMITED
DIRECTOR'S REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

An interpretive, generalised cross section of the planned drill holes is presented below.



Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 34.

This report is made in accordance with a resolution of the Directors made pursuant to s.306(3) of the Corporations Act 2001.

G D'Anna

Gino D'Anna
 Executive Director
 16 March 2018

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF METALSTECH LIMITED

As lead auditor for the review of MetalsTech Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of MetalsTech Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2018

Half Year Financial Report

For the half year ended 31 December 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		December 2017 \$	December 2016 \$
Other income		3,861	705
Administration expenses		(87,926)	(8,938)
Advertising and marketing		(27,357)	-
Audit fees		(29,754)	(26,945)
Capital raising fees		-	(62,409)
Consulting and advisory fees		(64,260)	(40,000)
Corporate compliance		(37,694)	(392)
Directors fees	3	(302,454)	(252,000)
Impairment – Exploration and Evaluation Expenditure	5	(2,200,000)	-
Legal Expenses		(18,924)	-
Occupancy costs		(23,347)	(4,800)
Project due diligence expenses		(1,092)	-
Travelling expenses		(42,681)	(20,933)
Website fees		-	(4,964)
Loss from continuing operations before income tax		(2,831,629)	(420,676)
Income tax expense		-	-
Loss from continuing operations after income tax		(2,831,629)	(420,676)
Other comprehensive loss for the period, net of tax		-	-
Total comprehensive loss for the period		(2,831,629)	(420,676)
Loss per share from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic and diluted loss per share		(3.33)	(0.984)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Half Year Financial Report**As at 31 December 2017****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	31 December 2017 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents		2,099,866	779,667
Trade and other receivables		175,694	265,291
Total Current Assets		2,275,560	1,044,958
Non-Current Assets			
Prepayments	4	1,829	24,769
Property, plant and equipment		23,590	23,170
Capitalised exploration and evaluation	5	7,394,103	7,523,663
Total Non-Current Assets		7,419,521	7,571,602
TOTAL ASSETS		9,695,080	8,616,560
Current Liabilities			
Trade and other payables	6	474,168	631,585
Financial liabilities		112,561	280,561
Total Current Liabilities		586,729	912,146
Non-Current Liabilities			
Financial liabilities		148,234	168,234
Total Non-Current Liabilities		148,234	168,234
TOTAL LIABILITIES		734,963	1,080,380
NET ASSETS		8,960,117	7,536,180
EQUITY			
Contributed equity	7	10,186,077	6,217,161
Reserves		1,777,577	3,690,927
Accumulated losses		(3,003,537)	(2,371,908)
TOTAL EQUITY		8,960,117	7,536,180

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Half Year Financial Report

For the half year ended 31 December 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Share Based Payments Reserve	Options Premium Reserve	Accumulated Losses	Total Equity
	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$
Balance at 1 July 2017	6,217,161	3,019,867	671,060	(2,371,908)	7,536,180
Loss for period	-	-	-	(2,831,629)	(2,831,629)
Total comprehensive loss for the period	-	-	-	(2,831,629)	(2,831,629)
Transactions with owners in their capacity as owners:					
Issue of share capital	4,297,855	-	-	-	4,297,855
Recycle of share based payment reserve	-	(2,200,000)	-	2,200,000	-
Share based payment expense	-	216,000	70,650	-	286,650
Share capital raising costs	(328,939)	-	-	-	(328,939)
At 31 December 2017	10,186,077	1,035,867	741,710	(3,003,537)	8,960,117

	Contributed Equity	Share Based Payments Reserve	Options Premium Reserve	Accumulated Losses	Total Equity
	AUD \$	AUD \$		AUD \$	AUD \$
Balance at 1 July 2016	490,345	618,992	-	(680,344)	428,993
Loss for period	-	-	-	(420,676)	(420,676)
Total comprehensive loss for the period	-	-	-	(420,676)	(420,676)
Transactions with owners in their capacity as owners:					
Issue of share capital	725,000	-	-	-	725,000
Share capital raising costs	(49,036)	-	-	-	(49,036)
As at 31 December 2016	1,166,309	618,992	-	(1,101,020)	684,281

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Half Year Financial Report

For the half year ended 31 December 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2017 \$	December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (including GST)	(754,946)	(284,156)
Interest received	1,286	705
Net cash outflow from operating activities	(753,660)	(283,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation expenditure	(1,301,916)	(338,956)
Loan from related parties	-	30,000
Payment for Property, Plant & Equipment	(11,486)	-
Other – cash acquired	-	9,167
Net cash outflow from investing activities	(1,313,402)	(299,789)
Cash flows from financing activities		
Proceeds from issue of shares	3,644,876	315,000
Costs of capital raising	(248,270)	(11,988)
Net cash inflows from financing activities	3,396,606	303,012
Net increase/(decrease) in cash and cash equivalents	1,329,544	(280,228)
Exchange rate adjustments	(9,345)	342
Cash and cash equivalents at the beginning of the period	779,667	293,416
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,099,866	13,530

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by MetalsTech Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied are the same as those applied by MetalsTech Ltd in its annual financial report for the year ended 30 June 2017.

New or Revised Standards and Interpretations that are First Effective in the Current Reporting Period

The company has adopted all of the new standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current reporting period. None of the new and revised standards and interpretations adopted during the period had a material impact nor did they result in any changes to the Company's presentation of, or disclosure in, its half-year financial statements.

New Accounting Standards for Application in Future Periods

There are no new and revised standards and amendments thereof and interpretations effective for future reporting periods issued during the current reporting period that are relevant to the Company.

Going Concern

For the half year ended 31 December 2017 the Group recorded a loss from continuing operations after income tax of \$2,831,629 (2016: \$420,676) with a cash outflow from operating and investing activities of \$2,067,026 (2016: \$583,240).

The ability of the Group to continue as a going concern is dependent on securing additional funding through either equity or debt, or a combination of both to continue to fund its operational and exploration activities. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe there are sufficient funds to meet the Group's working capital requirements and as at the date of this report. The half-year financial report has been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group currently has sufficient cash resources to fund its requirements currently;
- The directors expect the Group to be successful in securing additional funds through debt or equity issues, when and if required.

Half Year Financial Report

For the half year ended 31 December 2017

1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not be able to continue as a going concern.

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Revenue by geographical region

The Group has not generated revenue from operations, other than interest income derived from deposits held at call with banks in Australia.

Assets by geographical region

The Company owns tenements in the geographical location of Quebec, Canada.

	31 December 2017 \$	31 December 2016 \$
3. EXPENSES		
Directors Fees		
Directors fees	55,992	36,000
Directors consultancy fees	246,462	216,000
	<u>302,454</u>	<u>252,000</u>

Half Year Financial Report

For the half year ended 31 December 2017

	31 December 2017	30 June 2017
4. PREPAID EXPLORATION ASSETS	\$	\$
Prepaid exploration assets	1,829	24,769
Reconciliation:		
Balance at the beginning of the period	24,769	184,131
Deposits and acquisition costs for exploration assets	-	24,769
Transfer of expenditure to exploration and evaluation (i)	(22,940)	(184,131)
Balance at the end of the period	<u>1,829</u>	<u>24,769</u>

(i) Refer to Note 5 for further details

	31 December 2017	30 June 2017
5. CAPITALISED EXPLORATION AND EVALUATION	\$	\$
Exploration and evaluation assets	7,394,103	7,523,663
Reconciliation:		
Balance at the beginning of the period	7,523,663	-
Re-classification of prepaid deposits and acquisition	22,940	184,131
Deferred project consideration	-	2,677,795
Impairment of exploration expenditure (i)	(2,200,000)	-
Costs incurred	1,372,300	
Acquisition costs exploration expenditure	675,200	4,661,737
Balance at the end of the period	<u>7,394,103</u>	<u>7,523,663</u>

(i) During the period the Group renegotiated the acquisition of the Terre des Montagnes project. This renegotiation resulted in 11 million vendor milestone shares fair valued at \$2,200,000 and deferred cash consideration of \$188,234 being waived in return for the immediate issue of 1.35 million escrowed shares fair valued at \$324,000. As the total value of the consideration paid for the acquisition of the project had now changed, the Group has reflected this by impairing the capitalized exploration and evaluation balance by the value of the previous vendor milestone shares that had been capitalised.

Half Year Financial Report

For the half year ended 31 December 2017

	31 December 2017	30 June 2017
6. TRADE AND OTHER PAYABLES	\$	\$
Trade and other payables	426,801	575,585
Accrued expenses	47,367	56,000
Balance at the end of the period	<u>474,168</u>	<u>631,585</u>

7. CONTRIBUTED EQUITY

(a) Share Capital

December 2017	December 2016	December 2017	December 2016
Shares	Shares	\$	\$
95,499,678	46,630,000	10,186,077	1,166,309

(b) Movements in ordinary share capital:

Period ended 31 December 2017

Date	Details	Number of shares	Issue price	\$
01/07/17	Opening balance	76,248,000		6,217,161
19/07/17	Issue of shares -Placement	5,712,840	\$0.185	1,056,875
27/09/17	Issue of shares – Project Acquisition(i)	800,000	\$ 0.10	80,000
27/10/17	Issue of shares – Project Acquisition(ii)	2,480,000	\$ 0.24	595,200
03/11/17	Issue of shares -Placement	4,200,000	\$ 0.18	756,000
14/12/17	Issue of shares -Placement	1,516,667	\$ 0.3	455,000
18/12/17	Issue of shares -Placement	4316,668	\$ 0.3	1,295,000
19/12/17	Issue of shares -Placement	165,000	\$0.25	41,250
19/12/17	Issue of shares -Placement	60,503	\$0.306	18,530
	Costs of shares issued			(328,939)
31/12/17	Balance at end of period	<u>95,499,678</u>		<u>10,186,077</u>

- (i) This balance includes 1,350,000 shares issued for the renegotiation of Terre des Montanges and 1,000,000 shares issued for the acquisition of Cancet East.
- (ii) This balance includes 300,000 shares issued for the acquisition of West Cobalt and 500,000 shares issued for the acquisition of Van Chester.

Half Year Financial Report
For the half year ended 31 December 2017

7. CONTRIBUTED EQUITY (continued)

Period ended 31 December 2016

Date	Details	Number of shares	Issue price	\$
01/07/16	Opening balance	39,380,000		490,345
23/09/16	Issue of shares-Placement	3,150,000	\$0.100	315,000
18/11/16	Acquisition of LiGeneration	3,600,00	\$0.100	360,000
22/11/16	Issue of Vendor shares	500,000	\$0.100	50,000
	Capital raising costs			(49,036)
31/12/16	Balance at end of period	46,630,000		1,116,309

8. SHARE BASED PAYMENTS

Shares issued for capitalised exploration costs have been valued at the fair value of the shares on the date of issue as the fair value of the goods received cannot be reliably measured.

Total share based payment transactions recognised during the year:

Shared based payments	December 2017 \$	December 2016 \$
Options issued (included in equity as capital raising costs)	70,650	-
Shares issued for capitalised exploration costs	675,200	410,000
	745,850	410,000

9. DIVIDENDS

No dividends have been declared or paid since the start of the financial period and none are recommended.

10. COMMITMENTS & CONTINGENCIES

The commitments with respect to Terre des Montagnes are no longer in effect as a result of the renegotiation executed on 16 October 2017. The revised terms have removed all deferred consideration for the project and replaced them with an issue of 1,350,000 shares in the current period. Refer to note 5(i) for further details.

Other than Terres de Montagnes there are no new commitments, other than those that existed as at 30 June 2017 that the Group has entered into during the period under review.

Half Year Financial Report

For the half year ended 31 December 2017

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the Period on 19 February 2018 the Company commenced a maiden diamond drilling campaign at the Company's 100% owned Adina Lithium Project in Quebec, Canada.

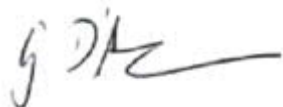
DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 35 to 43 are in accordance with the Corporations Act 2001, including:
 - (i) Complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- (b) There are reasonable grounds to believe that MetalsTech Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



Gino D'Anna
Executive Director
16 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MetalsTech Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MetalsTech Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a faint, stylized 'BDO' logo.

Dean Just

Director

Perth, 16 March 2018