

## ASX Announcement

5 September 2018

# Phase I Field Exploration Program Update Lac Rainy Graphite Project

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### Highlights:

- Magnor Exploration has commenced channel sampling at the Lac Rainy Graphite Project pursuant to the Phase I exploration program
  - Construction and installation of the bridge is complete and functional providing safe entry and access for field crew - road construction now complete across the project site and stripping of surface vegetation for trenching and channel sampling completed
  - Additional graphite outcrops have been identified and sampled by the Company – additional outcrops are outside of the planned trench locations and confirm the exploration prospectivity of the project
  - Project-wide mapping and prospecting underway – concentrating on graphite mineralised zones designed to extend existing mapped strike
  - Nanhai Carbon has completed the first phase analytical program on the Lac Rainy graphite samples – feedback received has been very positive with Nanhai Carbon confirming that the Lac Rainy graphite concentrate is a high-grade / high-purity product that upgrades with simple processing / beneficiation techniques implying a low-cost production profile
    - Summary report from Nanhai Carbon expected within the next 2 weeks
  - Analytical program completed by Nanhai Carbon has demonstrated that the graphite concentrate produced from the Lac Rainy samples was fine grained with high-purity levels – most suited for spherical graphite applications – additional down-stream analysis proposed
  - According to Roskill, demand for graphite in battery applications is forecast to grow by 5-8% per year over the decade between 2017 and 2027
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Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to provide shareholders with a further update on the progress of the field exploration program for the planned Phase I exploration campaign at the Lac Rainy Graphite Project, located in Quebec, Canada.

Magnor Exploration recently commenced channel sampling at the Lac Rainy Graphite Project following completion of the stripping of surface vegetation at the proposed trench locations. The surface stripping has allowed the Company to access unoxidized graphite mineralised horizons for the channel sampling campaign.

In addition, the construction and installation of the bridge has been completed and is fully-functional providing safe entry and access for the geological and technical field crew. Track and road access construction across the project site to the trench locations is also complete.

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The images below illustrate the bridge at Lac Rainy which has now been installed as well as the geological field crew that are on site.



**Image 1:** Bridge installed at the Lac Rainy Graphite Project



**Image 2:** Geological and technical field crew on site at the Lac Rainy Graphite Project



A project-wide mapping and prospecting campaign is also underway, in parallel with the current program of trenching and channel sampling. The prospecting campaign will concentrate on the identification of additional graphite mineralised zones designed to extend existing mapped strike.

The image below illustrates a geologist on site at Lac Rainy preparing the cut for a channel sample on a significant outcrop.



**Image 3:** Geologist on site at the Lac Rainy Graphite Project preparing the cut for a channel sample on an outcrop of mineralised graphite

During the road construction phase and the stripping of surface vegetation, additional graphite mineralised outcrops have been identified on the project. These mineralised zones were sampled by the Company and are located outside of the planned trench locations, confirming the exploration prospectivity and upside associated with the Lac Rainy Graphite Project. Refer to the image below.



**Image 4:** New graphite outcrop identified at the Lac Rainy Graphite Project. Sample collected by the Company for analysis and follow-up as part of Phase II



Significant progress continues to be achieved in relation to its planned exploration activities as part of the Phase I exploration program. The channel sampling campaign is expected to continue for a further 10 – 12 days following which the Company will submit its samples for analysis. These results are expected to be received within 6 weeks from delivery of the samples to the accredited laboratory in Quebec and will underpin the next phase of exploration at Lac Rainy, which if the results are successful, will comprise of a maiden drilling campaign.

To mitigate any potential environmental impacts, Magnor Exploration have ensured that heavy equipment on site is less than 12 months old, and to maintain strong relationships with local communities and First Nations, labour is sourced where possible from local community service providers.

The image below illustrates the heavy machinery on site which is currently undertaking the trenching as part of the Phase I program.



**Image 5:** New Komatsu Excavator delivered to site at the Lac Rainy Graphite Project for trenching

Commenting on the progress achieved to date, Director of Metals Australia, Mr Gino D'Anna stated:

*"We are pleased that the bridge and road access across the project has now been completed. This will benefit the Company and the project for many years to come as we seek to develop this high-grade near surface graphite project. With access to key infrastructure and projects of significant scale within a 5 km radius of our high-grade Lac Carheil Prospect, Metals Australia is in an enviable position. Graphite prices remain stable and buoyant as a key input into the lithium-ion battery. Our future partner, Nanhai Carbon, has satisfactorily concluded its initial phase of product testing on the Lac Rainy graphite and have confirmed its suitability as a spherical graphite due to its inherent properties of benefiting as a fine grain material with high-purity and simple processing techniques."*

We look forward to providing shareholders with further updates on the progress of the Phase I exploration campaign at the Lac Rainy project.

**ENDS**

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