

ASX Announcement

20 September 2018

Phase I Channel Sampling Exploration Program Update Lac Rainy Graphite Project

Highlights:

- Significant progress made in the Phase I Exploration Campaign at the Lac Rainy Graphite Project (Quebec, Canada) with Magnor Exploration completing 16 trenches to date for approximately 677 lineal metres of channel sampling generating in excess of 456 samples (including duplicates and blanks)
- Channel sampling has been focused on graphite mineralised zones with a visually estimated cut-off grade of Graphitic Carbon (Cg) mineralisation of >5% Cg
- Notable visually estimated higher-grade channel sampling zones include:
 - T1a – 20m channel sampling zone of which 6m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open in both directions
 - T3 – 35m channel sampling zone of which 5m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SW
 - T10 – 9m channel sampling zone of which 8m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SW
 - T11a – 6m channel sampling zone of which 5m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SW
 - T11 – 19m channel sampling zone of which 15m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at NE
 - T12 – 30m channel sampling zone of which 10m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at NE and SW
 - T13 – 2 zones: Zone 1 – 19m channel sampling zone of which 15m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at NW; Zone 2 – 17m channel sampling zone of which 14m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SE
- Several channel sampling zones remain open in multiple directions demonstrating that the width of the mineralised zones extends further than current trenching has defined
- Project-wide mapping and prospecting of the graphite mineralised zones is underway, with a number of new outcrops and zones identified and sampled
- Previous airborne geophysics completed by the Company identified eight (8) new target sites which are being mapped and sampled during this current field program
- Drill hole targeting and preparation underway – geological interpretation and assay results from the current channel sampling program will assist in drill hole prioritisation and orientation

Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**, the Company) 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.

Channel sampling is progressing well and nearing completion with Magnor Exploration having completed 16 trenches to date. A total of 677 lineal metres of channel sampling has been undertaken which has generated in excess of 456 samples to date, including blank and duplicate samples.

Magnor Exploration continue to oversee the geological and technical aspects of the field program and have made significant progress. Channel sampling is expected to be completed within the next 3-4 days, following which the geologists and the field crew will demobilise from site and samples will be submitted for assay.

Once assay results are received from this current Phase I program, the Company and Magnor Exploration will finalise the maiden drilling campaign pursuant to the Phase II program.



Image 1: Trenching and sampling being undertaken at the Lac Rainy Graphite Project, Quebec

To date, the channel sampling campaign has been successful in defining significant widths of the graphite mineralised horizons present at Lac Rainy. Channel sampling has been focused on zones which identify as having a visually estimated cut-off grade of Graphitic Carbon (Cg) mineralisation of >5% Cg.

Notable zones of visually estimated higher-grade Cg mineralisation within the wider channel sampling zones include:

- T1a – 20m channel sampling zone of which 6m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open in both directions
- T3 – 35m channel sampling zone of which 5m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SW
- T10 – 9m channel sampling zone of which 8m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SW
- T11a – 6m channel sampling zone of which 5m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SW
- T11 – 19m channel sampling zone of which 15m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at NE
- T12 – 30m channel sampling zone of which 10m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at NE and SW
- T13 – 2 zones: Zone 1 – 19m channel sampling zone of which 15m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at NW; Zone 2 – 17m channel sampling zone of which 14m was visually estimated to contain a higher Cg grade compared to the minimum cut-off (>5% Cg), open at SE

The length of these multiple zones demonstrates that the width and continuity of the graphite horizon at Lac Rainy is extensive, providing the Company with confidence to progress with the final planning and collar locations for the maiden diamond drilling campaign as part of the Phase II exploration program.



Image 2: Channel sampling being undertaken at the Lac Rainy Graphite Project, Quebec

Several of the channel sampling zones noted remain open demonstrating that the width of the mineralised zones extends further than current trenching has defined. This provides further exploration upside at Lac Rainy and the Company plans to follow up these additional extensions in subsequent programs.



Image 3: Channel sampling being undertaken at the Lac Rainy Graphite Project, Quebec

The graphite samples generated from the channel sampling program are currently being transported to a facility in Saguenay (Quebec) for final preparation before shipping to an assay laboratory.

In addition to the channel sampling program, field geologists have also been undertaking project-wide mapping and prospecting with encouraging results. A number of new outcrops and zones have been identified and sampled, focused on those areas designed to extend the existing mapped strike, which is currently defined over a length of 2.5 km.

A previous airborne geophysical program completed by the Company in 2017 identified eight (8) new targets / prospects. These areas are also currently being mapped and sampled as part of this current field program and will be followed up in subsequent programs.

Drill hole targeting and preparation is currently underway. The geological interpretation and assay results from the current channel sampling program will assist the field geologists to better define drill hole prioritisation and refine drill hole collar locations and orientation.

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

ENDS

For more information, please contact:

Gino D'Anna
Director
Metals Australia Ltd
Phone: +61 400 408 878

Graham Baldisseri
Company Secretary
Metals Australia Ltd
Phone: +61 8 9481 7833

Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning Metals Australia. 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 Metals Australia 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.

Competent Person Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Mr. Lachlan Reynolds. Mr Reynolds is a consultant to Metals Australia Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Reynolds 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. Reynolds consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.