ASX Release
8 October 2018

Exploration Update – Cancet Lithium Project

MetalsTech Limited (ASX: MTC) (the **Company** or **MTC**) is pleased to provide the following update in relation to the recent field exploration campaign undertaken at the Company's 100%-owned lithium projects located in the James Bay region of Quebec, Canada.

Highlights:

- Well-mineralised spodumene boulder discovered to the northeast of Cancet and Eastern pegmatites – assay results returned 1.33% Li_2O and 1.32% Li_2O considered representative of the boulder
- Additional sub-outcrop discovered at Cancet along strike to the northeast of the Cancet and Eastern pegmatites
- Total strike considered prospective for pegmatite at Cancet has now been extended to in excess of 6 km, which has reasonable potential to be spodumene bearing
- As a result of these recent discoveries, the Cancet landholding was expanded by 60% through new staking - total area now in excess of 20,000 Ha

Commenting on the Cancet field exploration program, Technical Director Dr Quinton Hills, stated:

"We have identified new areas that warrant further follow-up exploration at Cancet outside of the main target zone. The recent discovery of a spodumene mineralised boulder and the along strike identification of pegmatite to the northeast of Cancet and the Eastern pegmatites, means that our recent staking supports a prospective strike length in excess of 6km. These developments will support ongoing discussions with potential project-level sell-down partners.

Cancet Lithium Project

During September 2018, the Company completed a field-based exploration program at Cancet, recognised as the most advanced lithium asset in the Company's lithium portfolio, with a total of 59 drill holes for 5,216 m of diamond core drilling completed to date.

Cancet contains a well-mineralized spodumene-bearing pegmatite that is not presently geologically constrained, hosting significant potential.

This was highlighted by drill holes MTC17-015 with 3.14% Li_2O and 284 ppm Ta_2O_5 over 18.00m, including 4.12% Li_2O and 118 ppm Ta_2O_5 over 5.0m and drill hole MTC17-021 with 2.24% Li_2O and 310 ppm Ta_2O_5 over 21.46m, including 3.50% Li_2O and 746 ppm Ta_2O_5 over 8.46m (*refer to ASX Announcement dated 9 May 2017 for additional details*).

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Projects	
Cancet (Li)	100% owned
Adina (Li)	100% owned
Terre Des Montagnes (Li)	100% owned
Wells-Lacourciere (Li)	100% owned
Kapiwak (Li)	100% owned
Sirmac-Clapier (Li)	100% owned
Bay Lake (Co)	100% owned
Bay Lake North (Co)	100% owned
Rusty Lake (Co)	100% owned

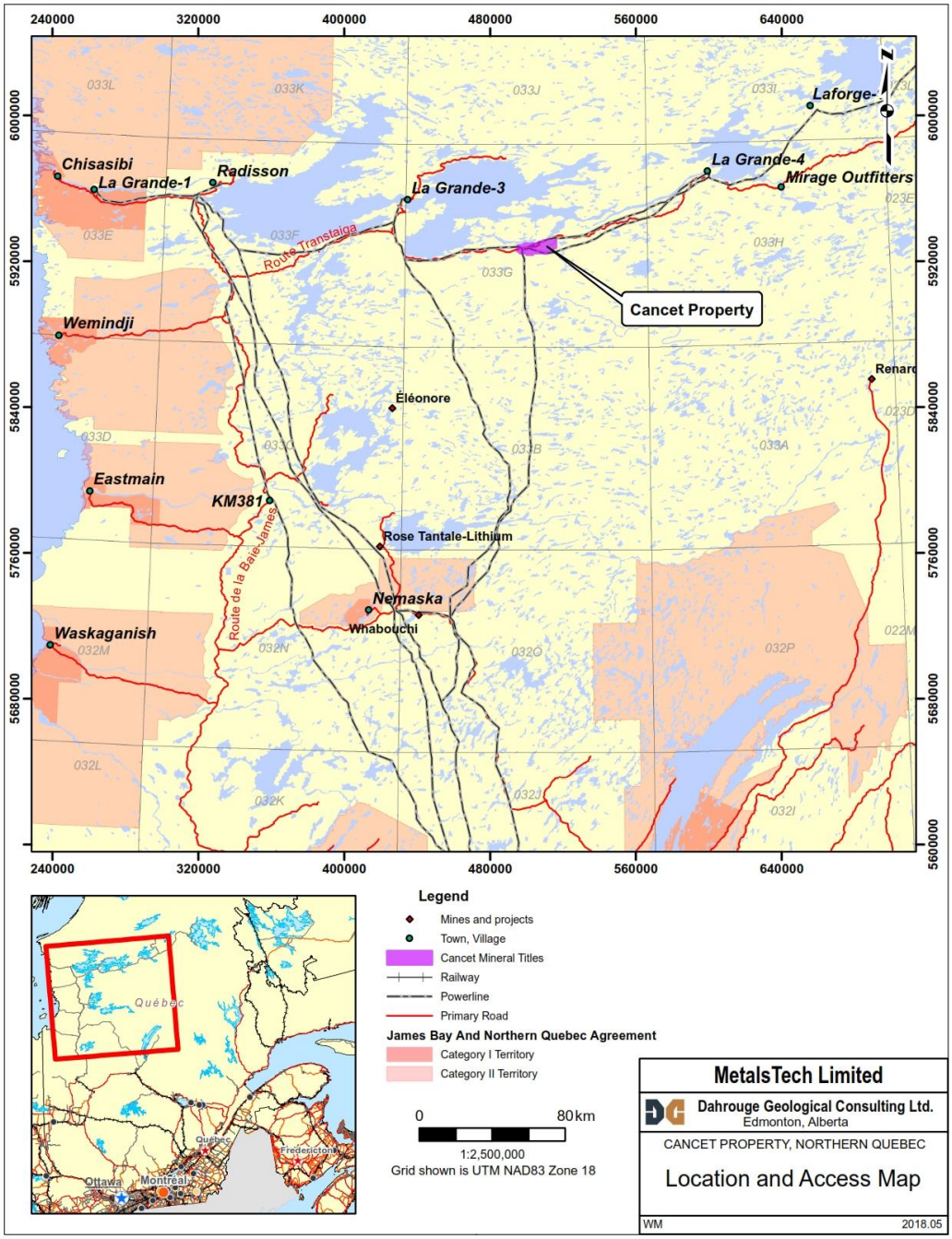

Figure 1: *Cancet Lithium Project: Location and Access Map, Quebec (Canada)*

New Spodumene Boulder Discovery

During the program, a well-mineralised spodumene-bearing boulder was discovered to the northeast of Cancet. The boulder was visually estimated to have an average modal spodumene content of ~20%.

Analysis of the samples collected was completed by ALS Laboratories and returned results of 1.32% Li_2O for Sample 129644 and 1.33% Li_2O for Sample 129645. The field geologists have confirmed that these results are representative of the entire boulder.

The images below illustrate the mineralised spodumene boulder that was recently identified at Cancet.

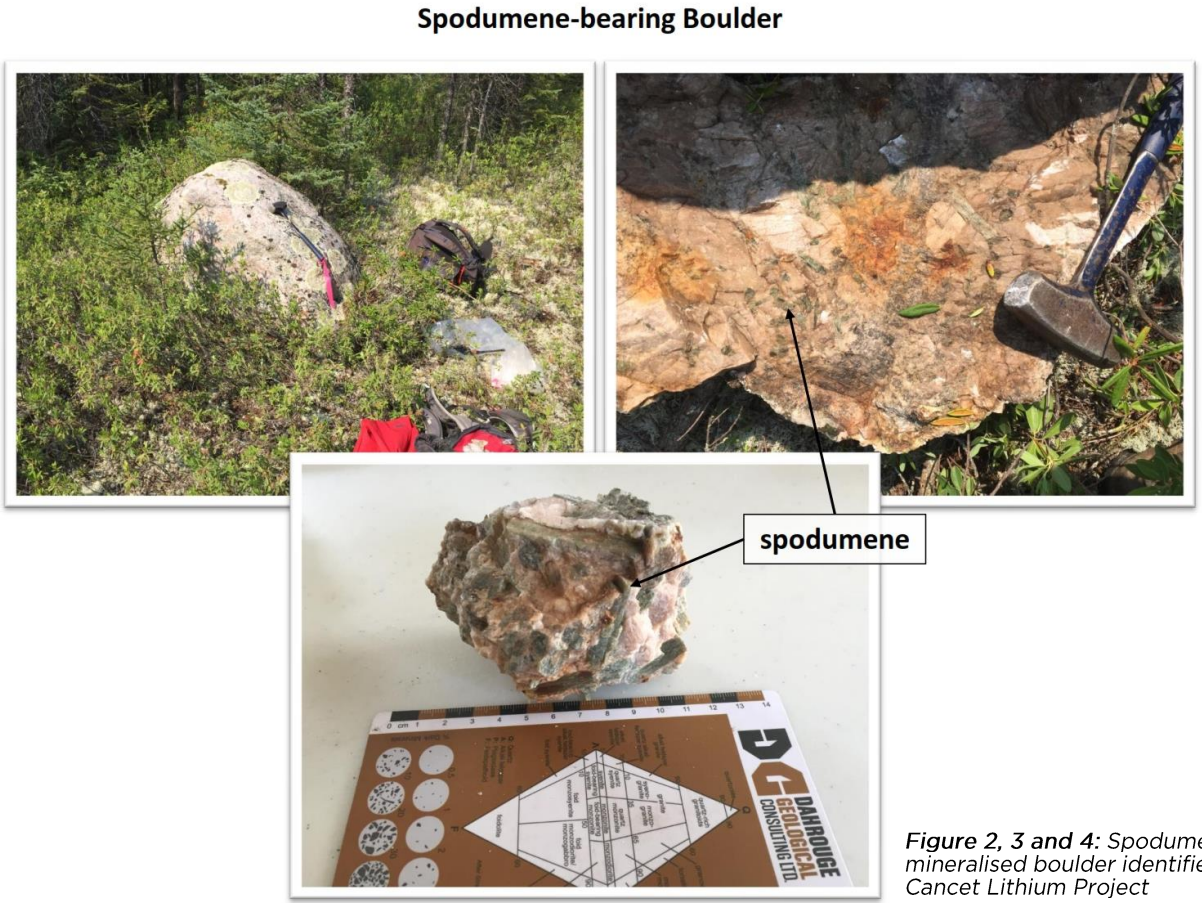

Figure 2, 3 and 4: *Spodumene mineralised boulder identified at the Cancet Lithium Project*

The mineralised boulder has been described as rounded from glacial transport with approximate dimensions of 1.5m x 1m x 1m and is situated along strike to the northeast of the Cancet and eastern pegmatites at a distance of approximately 5.6km and 4.6km, respectively. It is situated within approximately 1.9km of the northern claim border and 4.9km of the eastern claim border, which infers the source of the boulder is potentially on the current Cancet Property, however ice-direction and travel distance is difficult to predict. Based on regional glacial directions, the field geologists have indicated that the source of the mineralised boulder is interpreted to be to the northeast, east, or southeast.

The Company has only completed limited follow-up and it is planned to commence a subsequent field exploration program to comprise of detailed prospecting to determine the source of the boulder. However, as a direct result of the discovery, the Company's land position at Cancet has been significantly expanded with the acquisition, via staking, of an additional 146 claims for a total of approximately 7,600ha.

The aerial extent of the landholding at Cancet now totals in excess of 20,000ha prospective for spodumene mineralised pegmatites.

The newly staked ground comprises three claim blocks: Fin Block (18), North Block (24), and East Arm Block (104). The staking covers the ground which is considered most prospective to host the boulder's source, if not located on the original (i.e. main) Cancet Property block and represents an approximate 60% increase in land position for the Cancet Project.

The map below illustrates the location of the recently discovered mineralised spodumene boulder at Cancet and the relative proximity of the mineralised boulder to the existing drilled pegmatite at Cancet. Also illustrated on the map is the newly staked claim areas.

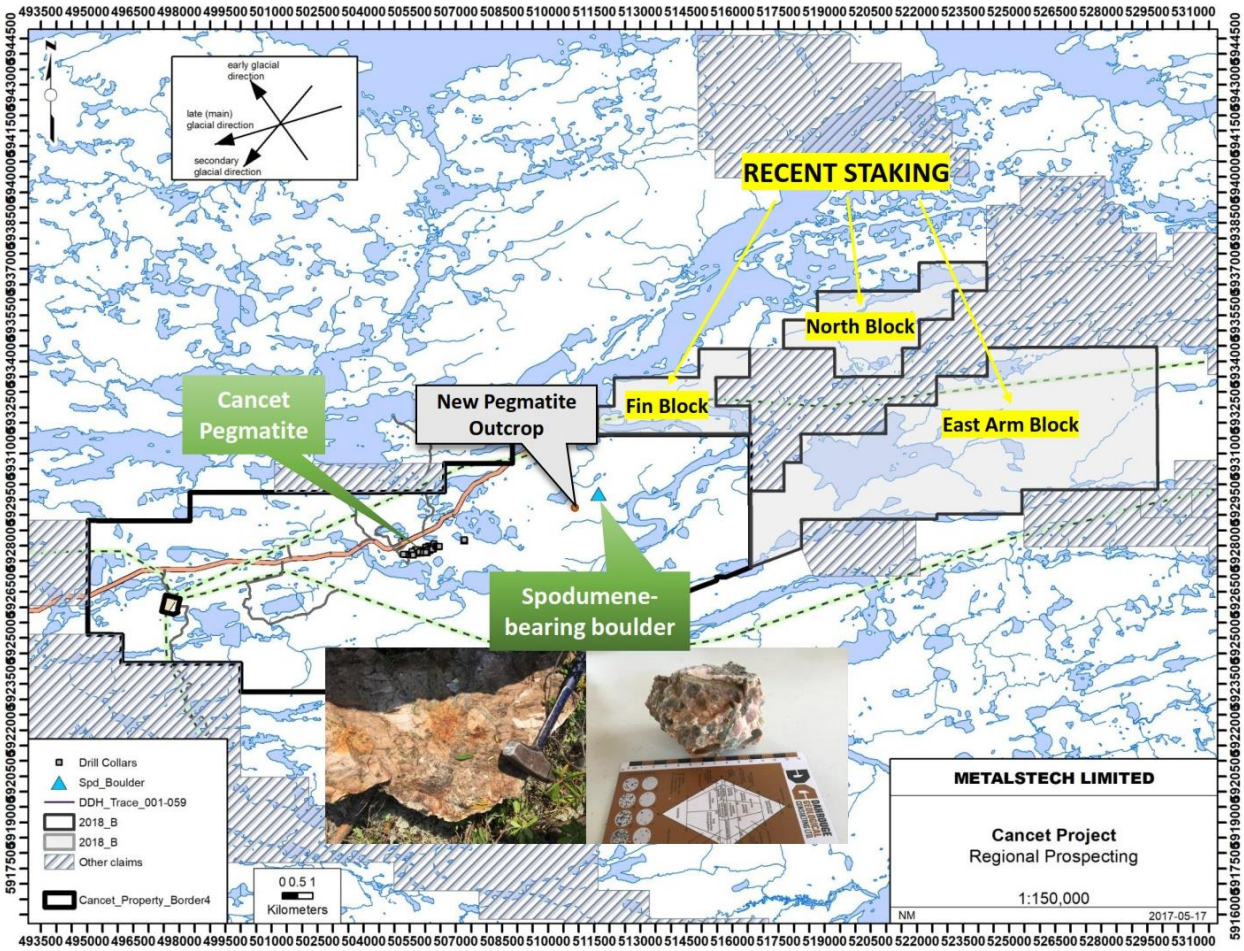

Figure 5: *Location map of the recently discovered mineralised spodumene boulder at Cancet and the relative proximity of the mineralised boulder to the existing drilled pegmatite at Cancet. Also illustrated is the newly staked claim areas at Cancet*

The new claim blocks host several targets of interest including historically mapped pegmatite occurrences, as well as potential pegmatite outcrop identified from satellite imagery. A detailed assessment of the claim blocks potential with target generation will be completed shortly.

A number of magnetic features have already been identified on the newly staked ground, as illustrated by Figure 6 below.

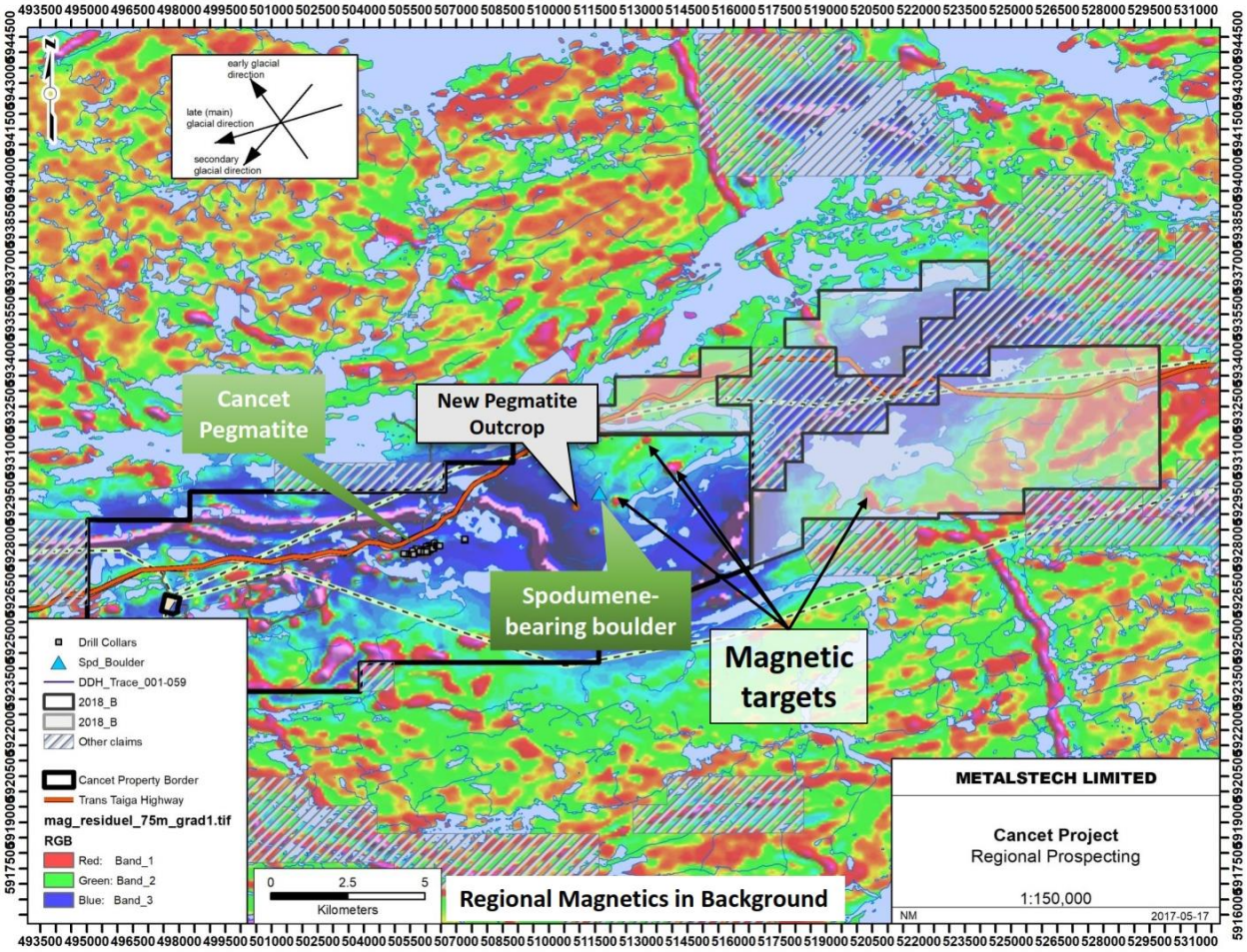

Figure 6: *Location map illustrating the 2018 Discoveries and Additional Staking with a Magnetics Base Map*

New Pegmatite Outcrop Discovery along strike of Cancet and Eastern pegmatites

An additional pegmatite outcrop has recently been discovered at the Cancet Project situated along strike to the northeast of the Cancet and Eastern pegmatites (discovered during the 2017 field program) at a distance of approximately 4.9 km and 3.9 km, respectively.

Refer to Figure 5 and 6.

The total strike considered prospective for pegmatite at Cancet has therefore been progressively extended to in excess of 6 km, which has reasonable potential to be spodumene bearing.

The newly discovered outcrop is hosted in gneiss with approximate dimensions of 1m wide x 3m exposed, however, is open to both sides.

The Company is currently planning its follow up exploration campaign on this recently discovered pegmatite outcrop. Various techniques will be considered for the next steps of exploration along trend, including trenching, soil surveys, ground mag surveys and till surveys.

Optical-Acoustic Televiewer Survey

In addition to this field program at Cancet, an Optical-Acoustic Televiewer (OTV-ATV) downhole survey was also completed. A total of eighteen (18) drill holes were surveyed by DGI Geoscience Inc. of Toronto, Ontario in order to provide an enhanced understanding of the structural controls of the mineralised horizons.

The downhole survey focussed on collecting information on joints, fractures, faults, orientations, as well as a high-resolution 360° digital image of the drill hole to assist with interpretation of structural orientation of the local geology.

The outcomes of the survey data will be used to support an update of the geological model for the Cancet mineralised body and support a Phase III step-out and infill drilling program.

Discussion of Results

Collectively, the known spodumene occurrences at Cancet, as well as the two new discoveries from the recently completed program, highlight the potential of the Company's land position in the area.

A corridor of up to 6km in length is now considered prospective for pegmatites, which has reasonable potential to be spodumene bearing. Of this distance, starting near the southwestern end, approximately 500m of the Cancet Pegmatite is well-mineralized with the vast majority of the corridor along strike to the northeast not evaluated.

In addition, the discovery of the new spodumene-bearing boulder is significant and indicates a source could be present on the main Cancet block. The boulder is rounded due to glacial transport and distance of travel is difficult to ascertain; however, a review of glacial movement in the region indicates that the source is to the northeast, east, or southeast. Although the distance of travel is not well constrained, the hard nature of pegmatite and the boulders roundness indicate at least a few kilometres is likely, and therefore, the Company has also expanded its land position to cover additional prospective ground in the up-ice direction. These claim blocks are called Fin, North, and East Arm and extend the Property by approximately 10km in the east-northeast direction, and therefore, holds a dominant land position in the up-ice direction of the mineralised boulder.

A more detailed review of the newly acquired claim blocks will be completed in the near-term including targeting for initial prospecting. Once assay data has been received a program can be further refined with the primary objective of tracing the mineralised boulder back to source. The LiDAR and Orthophoto coverage of the eastern end of the main Cancet Property block, that was flown in will also be considered, as it will assist with interpretation of the boulder source.

ENDS

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Competent Person Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Dr. Quinton Hills Ph.D, M.Sc., B.Sc. Dr Hills is the technical director of MetalsTech Limited and is a member of the Australasian Institute of Mining and Metallurgy. Dr. Hills 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'. Dr. Hills 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.

ASX Listing Rules Compliance

In preparing this announcement dated 8 October 2018, the Company has relied on the announcements previously made by the Company and disclosed below. The Company confirms that it is not aware of any new information or data that materially affects those announcements previously made, or that would materially affect the Company from relying on those announcements for the purpose of this announcement dated 8 October 2018.

Cancet Lithium 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 9 May 2017, 30 June 2017, 18 July 2017, 30 August 2017, 20 October 2017, 14 November 2017, 19 December 2017, 8 August 2018, 16 August 2018 and 28 August 2018.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Diamond drilling and surface grab samples completed to date at Cancet. Core samples collected based on lithology. Samples submitted for assay typically weigh 2-3 kg. Continuous sampling of half-core ensures the samples are representative over the interval being sampled. Grab samples are representative of the point collected only. To be as representative as practical, drilling was conducted as perpendicular as practical to the indicated strike of the main mineralised pegmatite bodies as mapped on the surface. True widths of mineralization are not known. Samples were of saw-cut half-core and samples approximately 1 m in length providing for sufficient mass (1-3kgs) to be adequately representative of the interval being sampled. QAQC included the insertion of quartz blanks, quarter-core duplicates, and pulp duplicates. All diamond holes were NQ. Holes were geologically logged, measured, cut, and sampled on site. Half-core samples for NQ were submitted to Activation Laboratories in Ontario and analysed using 4 Acid ICP-OES techniques for elements including lithium. Tantalum was analysed by XRF.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	NQ diamond drilling was completed at Cancet. Oriented core drilling was not completed. Downhole surveying was conducted using a gyro-based system. Hole depths averaged ~65 m over the 19 holes reported herein with a max depth of 113 m.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Industry standard geotech was completed on all holes. Core recovery was recorded in percent. Sample recovery was high. No material bias has been identified.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	NQ core was logged and cut according to geological boundaries, with ~1 m intervals targeted for individual samples. Features such as rock type, modal mineralogy, rock textures, alteration were recorded. Geological logging information was recorded directly onto hard-copy sheets, and later transferred to an Excel spreadsheet. The core is stored near the project area for future reference. RQD, fractures, core strength and weathering were also measured for every 3 metres of core. Various qualitative and quantitative logs were completed. All core has been photographed. The logging database contains lithological data for all intervals in all holes in the database.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample*	Half NQ core was sampled for analysis, with half NQ core left in the box for reference. Quality Assurance and Quality Control utilised standard industry practice, using certified reference materials, field blanks, quarter-core duplicates, and pulp duplicates in addition to the standard internal

Criteria	JORC Code explanation	Commentary
	preparation technique. • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	laboratory QAQC. Acceptable QAQC results and indicated from preliminary review; however, the full QAQC program is ongoing. Internal laboratory QAQC has also been relied upon and the results are considered acceptable for disclosure. QAQC insert samples as per above. Half-core samples ensure sufficient representative nature of interval being sampled. Samples sizes are sufficient and industry standard.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Assay and laboratory procedures have been selected following a review of techniques provided by internationally certified laboratories. Samples are submitted for multi-element ICP analysis by Activation Laboratories, which is applicable for high-grade lithium analysis A "total" 4-Acid digestion is used, followed by ICP-OES analysis. Li is reported by the lab and converted to Li2O for reporting using a factor of 2.153. No handheld instruments were used for analysis. Coarse quartz material is submitted at a rate of approximately 1 in every 20 routine samples. Two different grades of Certified Reference Material (CRM) for lithium mineralisation were inserted, as well as field duplicates, and blanks. The CRM's submitted represented a weakly mineralised pegmatite (AMIS 0342), and a moderate to high grade lithium mineralised pegmatite (AMIS 0343). Quality Assurance and Quality Control utilised standard industry practice, using prepared standards, field blanks (approximately 0.4 kg), duplicates sampled in the field and pulp duplicates at the lab. Comparison of the assay results of the CRM obtained with the certified values for each CRM, indicates sufficient accuracy in the data. No secondary laboratory checks have been completed at this stage.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Independent verification was carried out by a consultant to the Company, Dahrouge Geological Consulting Ltd. (DGC). Hard copy field logs are entered into and validated on an electronic Excel database, both of which are stored at the MTC Perth office. Data verification is carried out by the Senior Geologist on site. The company is in the process of transitioning to direct digital data entry for the next program to optimize data capture. Diamond core drilled was photographed on site and then sent to the Activation Laboratories, Ontario. Geological logging and sampling took place on-site. The only adjustment made to the assay data is the multiplication of the reported Li assays by a factor of 2.153 , so to report as Li_2O.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	All drill-hole locations were located using a GR5 Topcon RTK GPS, which has an accuracy of +/-5mm vertical and +/-10mm horizontal. Down hole surveying of drill holes was conducted using a Reflex Gyroscope.

Criteria	JORC Code explanation	Commentary
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	The grid system used is NAD83, zone 18N. Topographic control as per RTK unit discussed above.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Drill spacing between holes is generally between 25 and 60 m No assessment has been made regarding the current drill hole location and intersections with respect to resources or reserve estimation. No sample compositing has been completed. However, internal dilution of non-mineralized material into calculated grade over widths reported herein may be several metres
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The orientation of drilling was designed to intersect pegmatites perpendicular to the dominant geometry. True width of intersections are not known as orientation and strike of mineralized body is not well constrained. As per above. Industry standard drilling practices were carried out to maximize the representativeness of the drill holes.
Sample security	• *The measures taken to ensure sample security.*	MTC contract geologists and field assistant conducted all sampling and subsequent storage in field. Samples were then delivered via road freight to Activation Laboratories in Ontario
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No external audit of the database has been completed, apart for the consulting geologists acting on behalf of the company. Drill hole sample data is verified at time of entry into excel as well as when assays are linked.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	MetalsTech owns 100% of the Cancet lithium project, subject to a royalty. There are no other material issues affecting the tenements. All tenements are in good standing and have been legally validated by a Quebec lawyer specialising in the field.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	No modern exploration for lithium has been conducted outside of the drilling and sampling done by MTC. Government mapping records multiple lithium bearing pegmatites within the project areas with only regional data available beyond this.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The mineralization encountered at the Cancet project is typical of a Lithium-Cesium-Tantalum (LCT) type of pegmatite. The pegmatite body is oriented sub-parallel to the general strike of the host rocks. The host rocks are composed of Archean Lac Guyer greenstone rocks, which include mafic and ultramafic rocks interlayered with horizons of metasedimentary and felsic volcanic rocks.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		Not Applicable.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Length weighted averages used for exploration results. Several metres of internal dilution of nil lithium in some reported intervals, which is not unusual given the spotty inherent nature of pegmatite mineralization. Cutting of high grades was not applied in the reporting of intercepts. Aggregation issues are not considered material at this stage of project definition. No metal equivalent values were used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	Previous releases have provided the downhole lengths of pegmatite width, which is clearly stated. True widths are not known. The geometry of the mineralized zone and host pegmatite body are not well constrained.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	See diagrams (if any) attached to this report.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Results for all assay results received are summarized in the body of this report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Metallurgical testwork is ongoing at NAGROM Laboratories in Perth. Preliminary surface mapping of the main pegmatite exposures has been carried out, with further surface mapping to continue in the coming weeks. All meaningful and material exploration data has been reported.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further drilling (Phase III) will be conducted to test step-out and depth extensions to the currently known mineralised pegmatites, and to infill some areas of the known body to increase the confidence in support of a planned resource estimate. Detailed geochemistry to determine trends of known mineralised zones and to delineate high grade trends within the mineralized pegmatite. Further detailed surface mapping to uncover possible strike extensions. Property-scale mapping and prospecting will also be completed in order to uncover any mineralized pegmatites in a parallel structure or much further along strike.