

ASX Announcement

21 November 2018

Multiple Extensive and Wide Zones of High-Grade Graphite Confirmed at Lac Rainy Project

Highlights:

- Phase I Channel Sampling program has confirmed **multiple wide zones of high-grade natural flake graphite** mineralisation at Lac Rainy
 - A total of 16 exploration lines (mechanically excavated trenches) were completed with assay results received to date for 6 exploration lines – **additional assay results for the outstanding 10 exploration lines are expected to be received in late November 2018**
 - High-grade results from the channel sampling campaign received to date include:
 - **20.4m at an average grade of 15.6% Cg within Trench 1A**
 - **22.0m at an average grade of 13.51% Cg within Trench 2**
Incl. 8.0m at an average grade of 21.42% Cg
 - **16.0m at an average grade of 12.29% Cg within Trench 13**
Incl. 14.5m at an average grade of 18.53% Cg
 - **10.9m at an average grade of 23.08% Cg within Trench 11**
 - **8.0m at an average grade of 9.55% Cg within Trench 4**
 - The channel sampling has increased the total prospective strike from ~2km to **>3km**
 - The assay results received to date have confirmed the high-grade nature of the graphite at Lac Rainy which compares favourably to peers
 - Channel sampling **zones remain open to both the north and south** showing that the width of the graphite mineralisation is wider than the current channel sampling has identified.
 - Maiden drill program will test the down dip / plunge extensions of the graphite mineralisation
 - Previous metallurgical testwork completed on Lac Rainy graphite demonstrated that a commercial-grade graphite concentrate can be produced, including:
 - Exceptional Graphite **recovery up to 91.0%** using simple low-cost processing routes
 - Exceptional Concentrate **grades of up to 96.2% Ct**
 - Total carbon grades **up to 98.8%** in large and jumbo flake size fractions
 - **Low levels** of potentially deleterious elements
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High-Grade Graphite Results at Lac Rainy Graphite Project

Diversified metals exploration company, Metals Australia Ltd (ASX:MLS) (“MLS” or the “Company”) is pleased to announce the results of the Phase I Channel Sampling field campaign at the Lac Rainy Graphite Project, located in Quebec, Canada.

In September 2018, the Company completed a field program at Lac Rainy which consisted of surface stripping of vegetation across what was then considered the mineralized width of the graphite horizons followed by mechanically excavated trenching and detailed channel sampling. A total of 16 exploration lines (mechanically excavated trenches) were completed representing 677 lineal metres of trenching and 453 lineal metres of channel sampling.

Magnor Exploration Inc. was engaged to complete the channel sampling program.

Assay results have been received for the first six exploration lines (refer to Appendix A and B). Additional assay results are expected to be received in late November 2018.

Best results include:

- **20.4m at an average grade of 15.6% Cg within Trench 1A** (sample 264742 to 264762 inclusive)
Incl. 4.5m at an average grade of 20.0% Cg
- **22.0m at an average grade of 13.51% Cg within Trench 2** (sample 264451 to 264473 inclusive)
Incl. 8.0m at an average grade of 21.42% Cg
- **8.0m at an average grade of 9.55% Cg within Trench 4** (sample 264512 to 264520 inclusive)
Incl. 3.0m at an average grade of 15.58% Cg
- **8.0m at an average grade of 5.76% Cg within Trench 5** (sample 264528 to 264535 inclusive)
- **10.9m at an average grade of 23.08% Cg within Trench 11** (sample 264680 to 264689 inclusive)
- **14.5m at an average grade of 18.53% Cg within Trench 13** (sample 264694 to 264708 inclusive)
- **16.0m at an average grade of 12.29% Cg within Trench 13** (sample 264724 to 264741 inclusive)
- **5.0m at an average grade of 14.10% Cg within Trench 13** (sample 264713 to 264717 inclusive)

The Company will provide further updates to shareholders as additional assay results are received from the Phase I Channel Sampling program at Lac Rainy.

Discussion of Results

Channel samples collected by Metals Australia at the Lac Rainy Graphite Project have confirmed the presence of multiple wide and high-grade zones of natural flake graphite mineralisation which start at surface.

The strike length of the mineralisation has been extended considerably. The recent Phase I campaign has outlined an extensive mineralized zone of over 3km in length. Within this there is a high priority zone with a strike length of approximately 1,800 m encompassing the high-grade Lac Carheil Prospect, with multiple high-grade intervals ranging from 7.48% Cg to 29.5% Cg.

The results from the channel sampling at Lac Rainy represent the first step in the Company defining a resource at the Project. With the completion of this phase of exploration, planning for a maiden diamond drilling campaign is underway. The drilling will commence during winter following the analysis and interpretation of all the assay results from this current program.

Our corporate objective for the Project is to define a deposit of sufficient tonnage in the 15 - 20% Cg range similar to the nearby Lac Knife Deposit. These exceptional channel sampling results have advanced us towards achieving this goal.

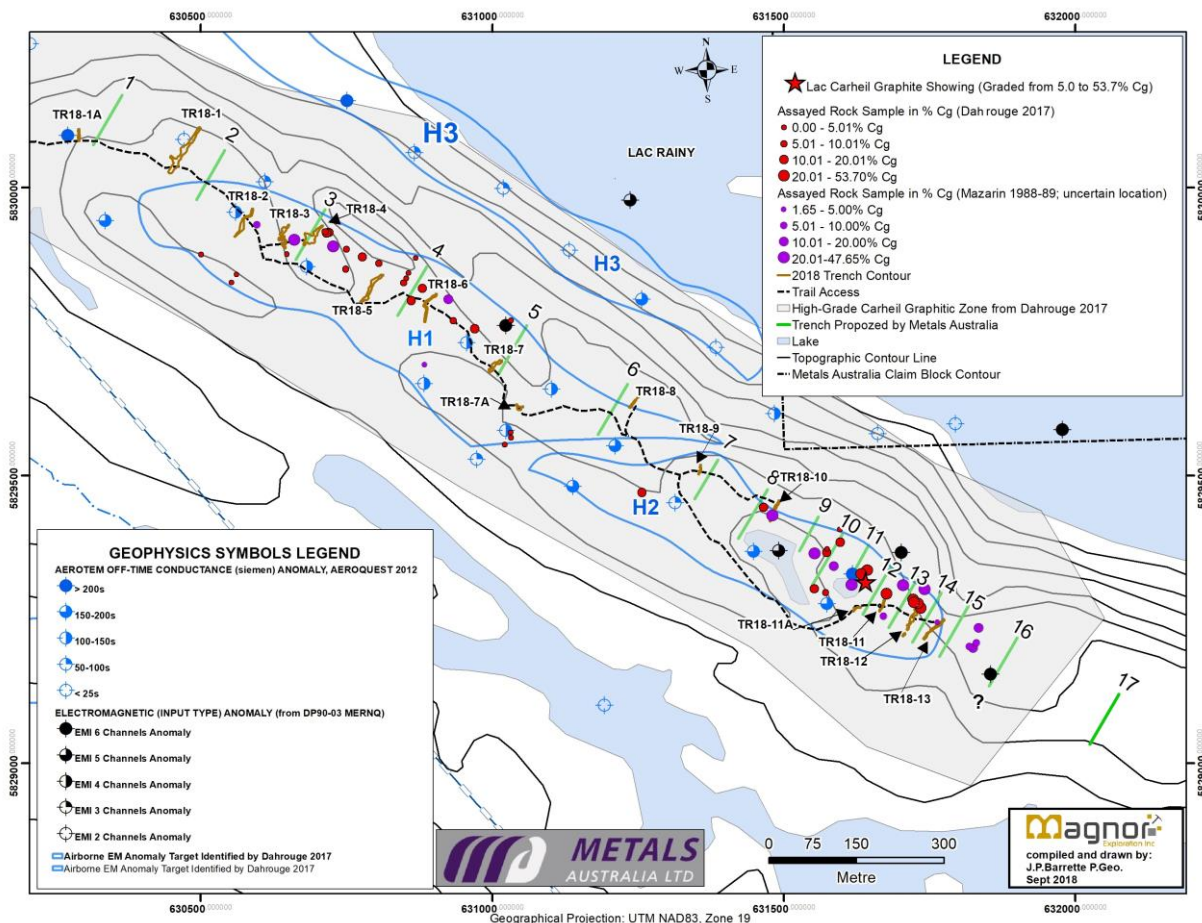


Figure 1: Channel Samples at Lac Rainy Project area exhibiting the strike length of the mineralised zone identified to date measuring in excess of 1.8 km, and up to ~3.0 km when coupled with historic sampling

Commenting on the high grade results, Mr Gino D’Anna, a Director of MLS stated:

“The Phase I channel sampling campaign at Lac Rainy have yielded exceptionally high grade results across significant mineable widths, including 18.53% Cg across 14.5 m at surface. The width of the mineralized horizons were better than expected and with mineralisation starting at surface with such high grades is very encouraging. Lac Rainy offers the potential for lower mining costs and lower strip ratios.”

Based on the high grades obtained to date and the strike length now in excess of 3 km, remaining open to the north-west, there is strong potential for a high-grade graphite deposit of high-tonnage to be present at Lac Rainy. We remain excited by what has been identified, and Lac Rainy continues to over-deliver in grade, width and strike potential with additional extensions possible. Our corporate objective for the Project is to define a deposit of sufficient tonnage in the 15-20% Cg range similar to the nearby Lac Knife Deposit.

*Our metallurgical and characterisation test work program (MLS ASX Announcement 17th January 2018) demonstrated the potential of the Lac Rainy Graphite Concentrate to meet and exceed market specifications. We are now busy preparing for our maiden diamond drill program. At this stage, **Lac Rainy appears to be similar to the most advanced battery-grade graphite project in North America, the nearby Lac Knife Graphite Deposit.**”*

The well understood geological environment and the identified geological similarities between the Carheil Prospect trend and the rest of the Lac Rainy Graphite Project highlight the possible extension of the graphite mineralisation across the entire project area.

The recent results are very significant for the Company as it demonstrates the potential for Lac Rainy to host a significant high-grade graphite resource. The Lac Rainy Graphite Project is located in an environment that is host to numerous graphite occurrences, including the Lac Knife Deposit.

The presence of high-grade mineralization near surface suggests that a potential open pit / strip mine design could be utilised, which should provide lower upfront capital costs and enable easier increases in production.

The favorable location and access to the project facilitates exploration and development in a low-cost environment. High voltage power and abundant water supplies are also in close proximity to the project area.

Figure 2 (below) illustrates the claim boundaries of the Lac Rainy Nord and Lac Rainy Est Graphite Projects (collectively known as the “Lac Rainy Project”) overlaid with the results of the recent airborne geophysical program completed by the Company. The results of the Magnetic (MAG) and Time Domain Electromagnetic (TDEM) surveys have confirmed the presence of multiple thick zones of highly conductive graphite mineralisation on both areas.

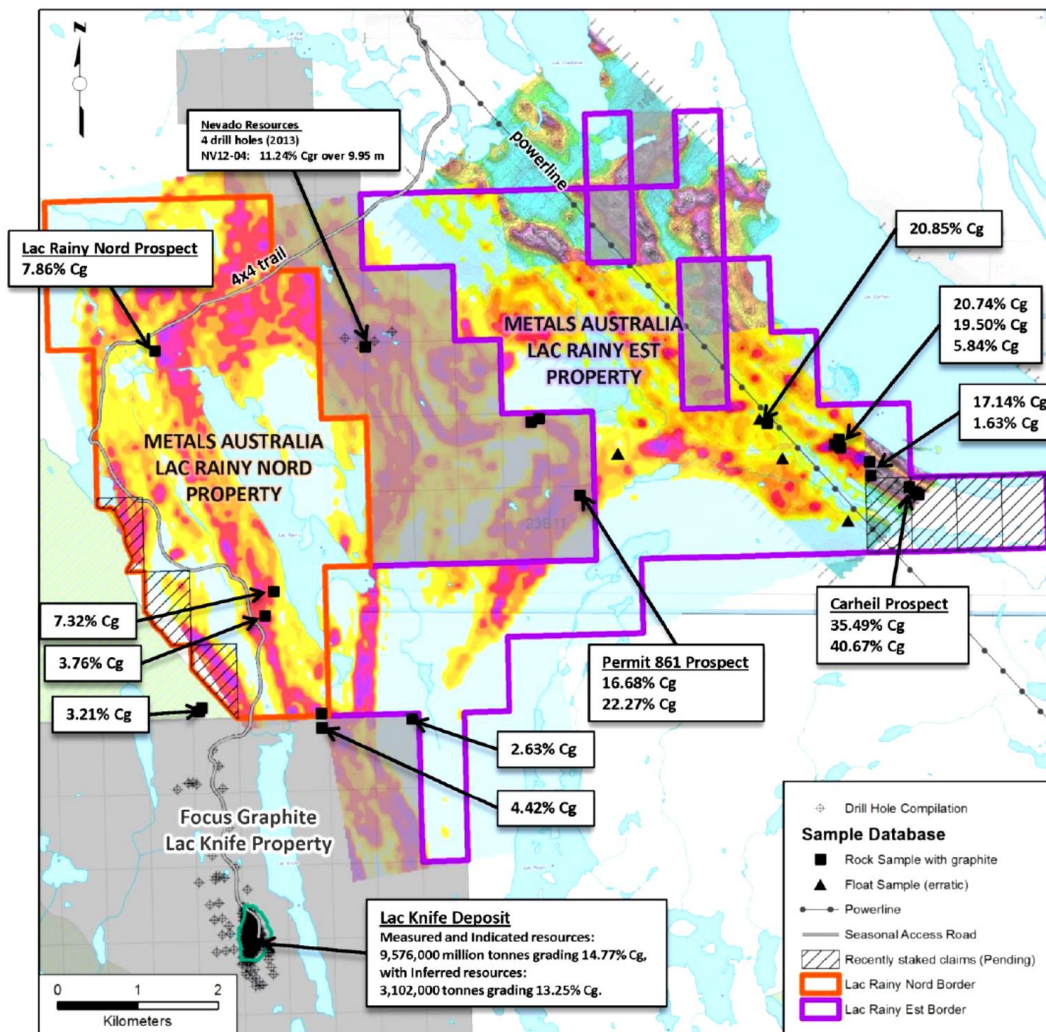


Figure 2: Claim boundaries for the Lac Rainy Nord and Lac Rainy Est Graphite Project overlaid with the results of the recent airborne MAG and TDEM geophysical program

The MAG and TDEM surveys confirmed the western extension of the high grade Carheil Prospect, which is located south-east and along strike of the Lac Rainy Est Graphite Project. The high-grade graphite results received from this Phase I campaign originate from within this extensive conductive corridor. This is a dominant geological feature of the Lac Rainy Est Project, and is associated with these high grade graphite horizons. In addition to confirming the western extension across the project area, a number of new targets at Lac Rainy Est were also highlighted through the MAG and TDEM surveys which were followed up as part of the Phase I campaign, with the Company still awaiting those assay results.

A number of significant graphite mineralised conductors on the northern portion of the Lac Rainy Nord Graphite Project were identified, with good access to this area via the use of an all purpose trail. This will enable exploration to be undertaken in a cost effective manner. The identification of these mineralised conductors supports the view that extensive high grade graphite mineralisation exists along strike from the Lac Knife Graphite Deposit (100% owned by Focus Graphite), considered to be an extensive strike length in excess of 6 km.

About the Lac Rainy Graphite Project

The Lac Rainy Graphite Project is located in one of the premier graphite geological regions of Quebec. It sits approximately 22 km south-west of the historic mining town of Fermont and 260 km north-northeast of the city of Sept-Iles. The Lac Rainy Graphite Project is approximately 15 km east of Route 389, a paved highway which travels north to Fermont. These road networks link the Lac Rainy Graphite Project with the major ports along the St Lawrence River in Quebec offering the Company a route to the seaborne market as well as the North American and South American markets.

The Lac Rainy Graphite Project covers an area of 4,450 hectares representing 86 mineral claims and is contiguous with Focus Graphite's Property to the southwest, which hosts the Lac Knife Graphite Deposit, containing a Measured and Indicated Resource of 9.576 Mt @ 14.77% Cg and an Inferred Resource of 3.102 Mt @ 13.25% Cg at a 3.0% Cg cut-off.

The global focus on renewable energy and the associated adoption of lithium-ion batteries as an energy storage medium has meant that the immediate inputs required for the manufacture of the lithium-ion battery are gaining significant attention. In the long term, Roskill (an independent research organization) notes that the continuing closure of processing plants in China to reduce emissions has set the scene for rising graphite prices.

Recent Market Transactions

The importance of flake graphite as a critical input into the production of lithium-ion batteries has been highlighted through the recent joint venture transaction announced on 8 November 2018 between Mineral Resources Limited (ASX: MRL) and Hexagon Resources Limited (ASX: HXG) at the McIntosh Project located in northern Western Australia. Under the joint venture, MRL has the right to earn a 51% interest in the McIntosh Project, which is expected to achieve a commercial rate of production by April 2021.

The Company believes that transactions such as the deal between MRL and HXG highlights the attention that the graphite sector will continue to attract, particularly with the continuing closure of processing plants in China to reduce emissions which is expected to continue to place upward pressure on the graphite concentrate price.

ENDS

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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. Yves Caron, M.Sc., P. Geo. Mr Caron is Chief Geologist with Magnor Exploration Inc. and a consultant to Metals Australia Limited. Mr Caron and is a member of the Ordre des géologues du Québec (OGQ) with member number OGQ#548. Mr. Caron 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. Caron 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.



Appendix A: Channel Samples Analytical Results

Channel Name	Sample #	From (m)	To (m)	Length (m)	Easting	Northing	Cg (%)
TR18-01A	264742	0	1	1.0	630291	5830082	12.40
TR18-01A	264743	1	2	1.0	630291	5830083	9.08
TR18-01A	264744	2	3	1.0	630291	5830084	11.60
TR18-01A	264745	3	4	1.0	630291	5830085	9.59
TR18-01A	264746	4	5	1.0	630291	5830086	12.95
TR18-01A	264747	5	5.6	0.6	630291	5830086	13.85
TR18-01A	264748	6	7	1.0	630291	5830088	24.40
TR18-01A	264749	7	8	1.0	630291	5830089	17.35
TR18-01A	264750	8	9	1.0	630291	5830090	16.80
TR18-01A	264751	9	10	1.0	630291	5830091	21.80
TR18-01A	264752	10	10.5	0.5	630291	5830091	19.30
TR18-01A	264753	11	12	1.0	630291	5830093	11.55
TR18-01A	264754	12	13	1.0	630291	5830094	16.60
TR18-01A	264755	13	14	1.0	630291	5830095	23.20
TR18-01A	264756	14	15	1.0	630291	5830096	15.15
TR18-01A	264757	15	16	1.0	630291	5830097	19.50
TR18-01A	264758	16	17	1.0	630291	5830098	15.55
TR18-01A	264759	17	18	1.0	630291	5830099	13.20
TR18-01A	264761	18	19	1.0	630291	5830100	16.55
TR18-01A	264762	19	20.4	1.4	630291	5830101	13.75
TR18-02 (N)	264451	0	1	1.0	630589	5829963	9.77
TR18-02 (N)	264452	1	2	1.0	630589	5829962	14.05
TR18-02 (N)	264453	2	3	1.0	630588	5829961	7.70
TR18-02 (N)	264454	3	4	1.0	630588	5829960	8.98
TR18-02 (N)	264455	4	5	1.0	630588	5829959	7.55
TR18-02 (N)	264456	5	6	1.0	630587	5829958	3.78
TR18-02 (N)	264457	6	7	1.0	630587	5829957	7.48
TR18-02 (N)	264458	7	8	1.0	630587	5829956	10.20
TR18-02 (N)	264459	8	9	1.0	630587	5829955	11.40
TR18-02 (N)	264461	9	10	1.0	630586	5829954	17.95
TR18-02 (N)	264462	10	11	1.0	630586	5829953	22.20
TR18-02 (N)	264463	11	12	1.0	630586	5829952	20.90
TR18-02 (N)	264464	12	13	1.0	630585	5829951	25.60
TR18-02 (N)	264465	13	14	1.0	630584	5829951	22.10
TR18-02 (N)	264466	14	15	1.0	630583	5829951	18.45
TR18-02 (N)	264467	15	16	1.0	630582	5829951	24.80
TR18-02 (N)	264468	16	17	1.0	630581	5829950	19.35
TR18-02 (N)	264469	17	18	1.0	630580	5829950	11.90
TR18-02 (N)	264470	18	19	1.0	630579	5829950	9.91
TR18-02 (N)	264471	19	20	1.0	630578	5829950	11.50
TR18-02 (N)	264472	20	21	1.0	630577	5829949	6.66
TR18-02 (N)	264473	21	22	1.0	630576	5829949	5.05
TR18-02 (N)	264474	22	23	1.0	630576	5829948	3.06
TR18-02 (N)	264476	23	24	1.0	630575	5829948	3.88
TR18-02 (N)	264477	24	25	1.0	630574	5829947	8.59
TR18-02 (N)	264478	25	26	1.0	630574	5829946	3.85
TR18-02 (N)	264479	26	27	1.0	630573	5829945	3.73
TR18-02 (S)	264480	0	1	1.0	630568	5829926	4.83
TR18-02 (S)	264481	1	2	1.0	630567	5829925	6.02
TR18-02 (S)	264482	2	3	1.0	630567	5829924	2.80
TR18-02 (S)	264483	3	4	1.0	630566	5829923	7.89
TR18-02 (S)	264484	4	5	1.0	630565	5829923	8.39
TR18-02 (S)	264485	5	6	1.0	630564	5829922	1.91
TR18-02 (S)	264486	6	7	1.0	630564	5829921	4.00
TR18-02 (S)	264487	7	8	1.0	630563	5829920	3.85
TR18-02 (S)	264488	8	9	1.0	630562	5829920	4.99
TR18-02 (S)	264489	9	10	1.0	630562	5829919	0.54
TR18-02 (S)	264491	10	11	1.0	630561	5829918	0.22
TR18-02 (S)	264492	11	12	1.0	630560	5829918	0.62
TR18-02 (S)	264493	12	13	1.0	630560	5829917	0.11
TR18-02 (S)	264494	13	14	1.0	630559	5829916	0.25
TR18-02 (S)	264495	14	15	1.0	630558	5829915	0.51
TR18-04	264496	0	1	1.0	630681	5829907	8.44
TR18-04	264497	1	2	1.0	630682	5829908	4.88



TR18-04	264498	2	3	1.0	630682	5829909	1.04
TR18-04	264499	3	4	1.0	630683	5829910	0.72
TR18-04	264500	4	5	1.0	630684	5829911	0.70
TR18-04	264501	5	6.4	1.4	630684	5829912	0.89
TR18-04	264502	0	1	1.0	630690	5829909	0.91
TR18-04	264503	1	2	1.0	630690	5829910	0.73
TR18-04	264504	2	3	1.0	630691	5829910	0.77
TR18-04	264505	3	4	1.0	630691	5829911	0.72
TR18-04	264506	4	5	1.0	630692	5829912	0.64
TR18-04	264507	5	6	1.0	630693	5829913	3.87
TR18-04	264508	6	7	1.0	630693	5829913	4.40
TR18-04	264509	7	8	1.0	630694	5829914	8.44
TR18-04	264511	8	9	1.0	630694	5829915	3.92
TR18-04	264512	9	10	1.0	630695	5829916	6.32
TR18-04	264513	10	11	1.0	630695	5829917	5.68
TR18-04	264514	11	12	1.0	630695	5829918	4.36
TR18-04	264515	0	1	1.0	630698	5829922	15.70
TR18-04	264516	1	2	1.0	630698	5829923	13.10
TR18-04	264517	2	3	1.0	630699	5829924	17.95
TR18-04	264518	3	4	1.0	630700	5829925	7.71
TR18-04	264519	4	5	1.0	630700	5829926	5.55
TR18-04	264520	0	1	1.0	630702	5829929	3.90
TR18-04	264521	1	2	1.0	630703	5829930	3.92
TR18-04	264522	2	3	1.0	630704	5829930	3.77
TR18-04	264523	3	4	1.0	630705	5829931	3.80
TR18-05	264524	0	1	1.0	630774	5829802	3.02
TR18-05	264526	1	2	1.0	630775	5829803	1.12
TR18-05	264527	2	3	1.0	630776	5829804	4.87
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TR18-05	264529	4	5	1.0	630777	5829805	8.96
TR18-05	264530	5	6	1.0	630778	5829806	5.40
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TR18-05	264532	7	8	1.0	630779	5829807	5.32
TR18-05	264533	8	9	1.0	630780	5829808	2.79
TR18-05	264534	9	10	1.0	630781	5829809	5.57
TR18-05	264535	0	1	1.0	630783	5829808	5.25
TR18-05	264536	1	2	1.0	630783	5829809	4.99
TR18-05	264537	2	3	1.0	630784	5829810	2.85
TR18-05	264538	3	4	1.0	630784	5829811	0.98
TR18-05	264539	4	5	1.0	630785	5829812	1.37
TR18-05	264540	4	5	1.0	630785	5829812	1.23
TR18-05	264541	5	6	1.0	630785	5829813	1.09
TR18-05	264542	6	7	1.0	630786	5829814	1.47
TR18-05	264543	7	8	1.0	630786	5829815	5.25
TR18-05	264544	8	9	1.0	630787	5829815	5.52
TR18-05	264545	9	10	1.0	630787	5829816	6.17
TR18-05	264546	10	11	1.0	630788	5829817	4.18
TR18-05	264547	11	12	1.0	630788	5829818	3.47
TR18-05	264548	12	13	1.0	630789	5829819	0.80
TR18-05	264549	13	14	1.0	630789	5829820	0.56
TR18-05	264550	14	15	1.0	630790	5829821	0.42
TR18-05	264551	15	16	1.0	630790	5829821	2.03
TR18-05	264552	16	17.3	1.3	630791	5829822	3.56
TR18-05	264553	0	1	1.0	630791	5829824	1.27
TR18-05	264554	1	2	1.0	630791	5829825	0.77
TR18-05	264555	2	3	1.0	630791	5829826	1.13
TR18-05	264556	3	4	1.0	630792	5829827	0.99
TR18-05	264557	4	5	1.0	630792	5829828	1.42
TR18-05	264558	5	6	1.0	630793	5829829	0.84
TR18-05	264559	6	7	1.0	630793	5829830	4.52
TR18-05	264561	7	8	1.0	630793	5829830	2.67
TR18-05	264562	8	9.5	1.5	630794	5829832	3.69
TR18-05	264563	9.5	11	1.5	630794	5829833	7.20
TR18-05	264564	11	12	1.0	630795	5829834	5.14
TR18-11	264680	16	17	1.0	631672	5829282	16.00
TR18-11	264681	17	18	1.0	631672	5829283	18.55
TR18-11	264682	18	19	1.0	631672	5829284	15.90
TR18-11	264683	19	20	1.0	631673	5829285	20.80



TR18-11	264684	20	21	1.0	631674	5829286	25.30
TR18-11	264685	21	22	1.0	631674	5829286	24.40
TR18-11	264686	22	23	1.0	631675	5829287	27.20
TR18-11	264687	23	24	1.0	631676	5829288	27.20
TR18-11	264688	24	25	1.0	631676	5829289	29.50
TR18-11	264689	25	26	1.0	631676	5829290	25.90
TR18-13	264691	0	1	1.0	631773	5829249	0.80
TR18-13	264692	1	2	1.0	631772	5829248	0.75
TR18-13	264693	2	3	1.0	631772	5829247	0.61
TR18-13	264694	3	4	1.0	631771	5829247	12.80
TR18-13	264695	4	5	1.0	631770	5829246	20.30
TR18-13	264696	5	6	1.0	631769	5829245	21.20
TR18-13	264697	6	7	1.0	631769	5829245	7.93
TR18-13	264698	7	8	1.0	631768	5829244	1.44
TR18-13	264699	8	9	1.0	631767	5829243	15.50
TR18-13	264700	9	10	1.0	631766	5829243	23.40
TR18-13	264701	10	11	1.0	631766	5829242	22.60
TR18-13	264702	11	12	1.0	631765	5829242	23.10
TR18-13	264703	12	13	1.0	631764	5829241	23.20
TR18-13	264704	13	14	1.0	631763	5829240	17.65
TR18-13	264705	14	15	1.0	631763	5829240	19.75
TR18-13	264706	15	16	1.0	631762	5829239	20.60
TR18-13	264707	16	17	1.0	631761	5829238	26.70
TR18-13	264708	17	18	1.0	631760	5829238	25.10
TR18-13	264712	20	21	1.0	631759	5829236	0.40
TR18-13	264713	21	22	1.0	631758	5829236	17.05
TR18-13	264714	22	23	1.0	631757	5829235	14.00
TR18-13	264715	23	24	1.0	631756	5829234	16.15
TR18-13	264716	24	25	1.0	631756	5829234	11.00
TR18-13	264717	25	26	1.0	631755	5829233	12.40
TR18-13	264718	26	27	1.0	631754	5829232	2.68
TR18-13	264719	27	28	1.0	631753	5829232	2.82
TR18-13	264720	28	29	1.0	631753	5829231	0.73
TR18-13	264721	29	30	1.0	631752	5829230	3.85
TR18-13	264722	30	31	1.0	631751	5829230	3.35
TR18-13	264723	31	32	1.0	631750	5829229	2.28
TR18-13	264724	32	33	1.0	631750	5829228	5.13
TR18-13	264726	33	34	1.0	631749	5829228	6.61
TR18-13	264727	34	35	1.0	631748	5829227	7.93
TR18-13	264728	35	36	1.0	631748	5829226	9.34
TR18-13	264729	36	37	1.0	631747	5829226	13.25
TR18-13	264730	37	38	1.0	631746	5829225	10.95
TR18-13	264731	38	39	1.0	631746	5829224	12.85
TR18-13	264732	39	40	1.0	631745	5829223	18.70
TR18-13	264733	40	41	1.0	631745	5829222	10.10
TR18-13	264734	41	42	1.0	631744	5829222	18.25
TR18-13	264735	42	43	1.0	631743	5829221	14.15
TR18-13	264736	43	44	1.0	631743	5829220	11.50
TR18-13	264737	44	45	1.0	631742	5829219	22.30
TR18-13	264738	45	46	1.0	631742	5829218	17.10
TR18-13	264739	46	47	1.0	631741	5829218	18.50
TR18-13	264741	47	48	1.0	631740	5829217	16.70

Appendix B: Channel Sampling Results By Trench

Trench TR18-01A

Trench TR18-01A is located approximately 1,200 m along strike of the high-grade Lac Carheil prospect. The results of TR18-01A included:

- **20.4m at an average grade of 15.6% Cg within Trench 1A** (sample 264742 to 264762 inclusive)
- **5.6m at an average grade of 11.42% Cg within Trench 1A** (sample 264742 to 264747 inclusive)
- **4.5m at an average grade of 20.0% Cg within Trench 1A** (sample 264748 to 264752 inclusive)
- **9.4m at an average grade of 16.02% Cg within Trench 1A** (sample 264753 to 264762 inclusive)

The highest single metre interval within TR18-01A was 24.4% Cg within sample 264748. The map below illustrates the orientation of TR18-01A, which remains open in both directions.

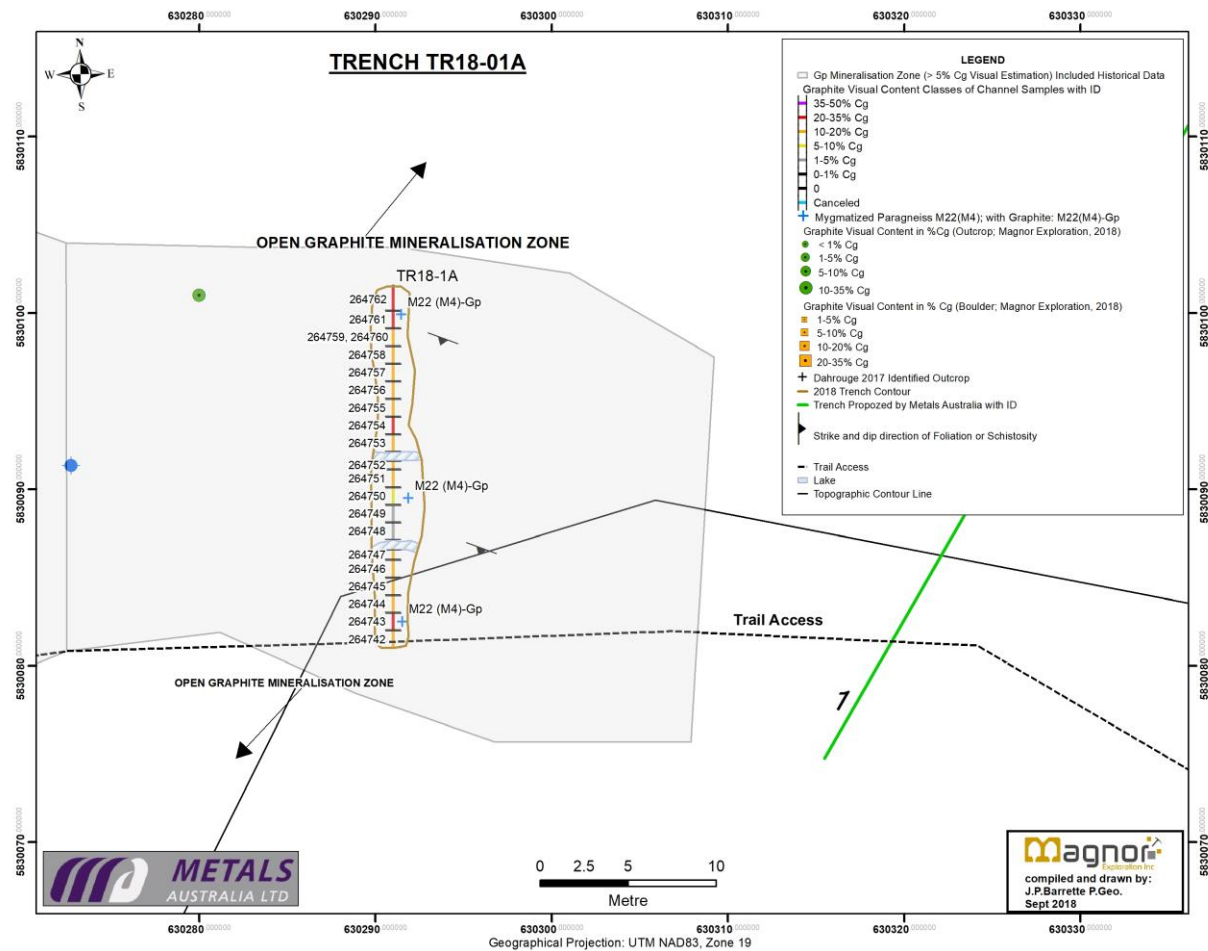


Figure 3: TR18-01A Channel Sample at Lac Rainy Project

Trench TR18-02

Trench TR18-02 is located approximately 300 m south-east of TR18-01A along strike of the high-grade Lac Carheil prospect. The results of TR18-02 included:

- **22.0m at an average grade of 13.51% Cg within Trench 2** (sample 264451 to 264473 inclusive)
- **8.0m at an average grade of 21.42% Cg within Trench 2** (sample 264461 to 264468 inclusive)

The highest single metre interval within TR18-02 was 25.6% Cg within sample 264464. The map below illustrates the orientation of TR18-02.

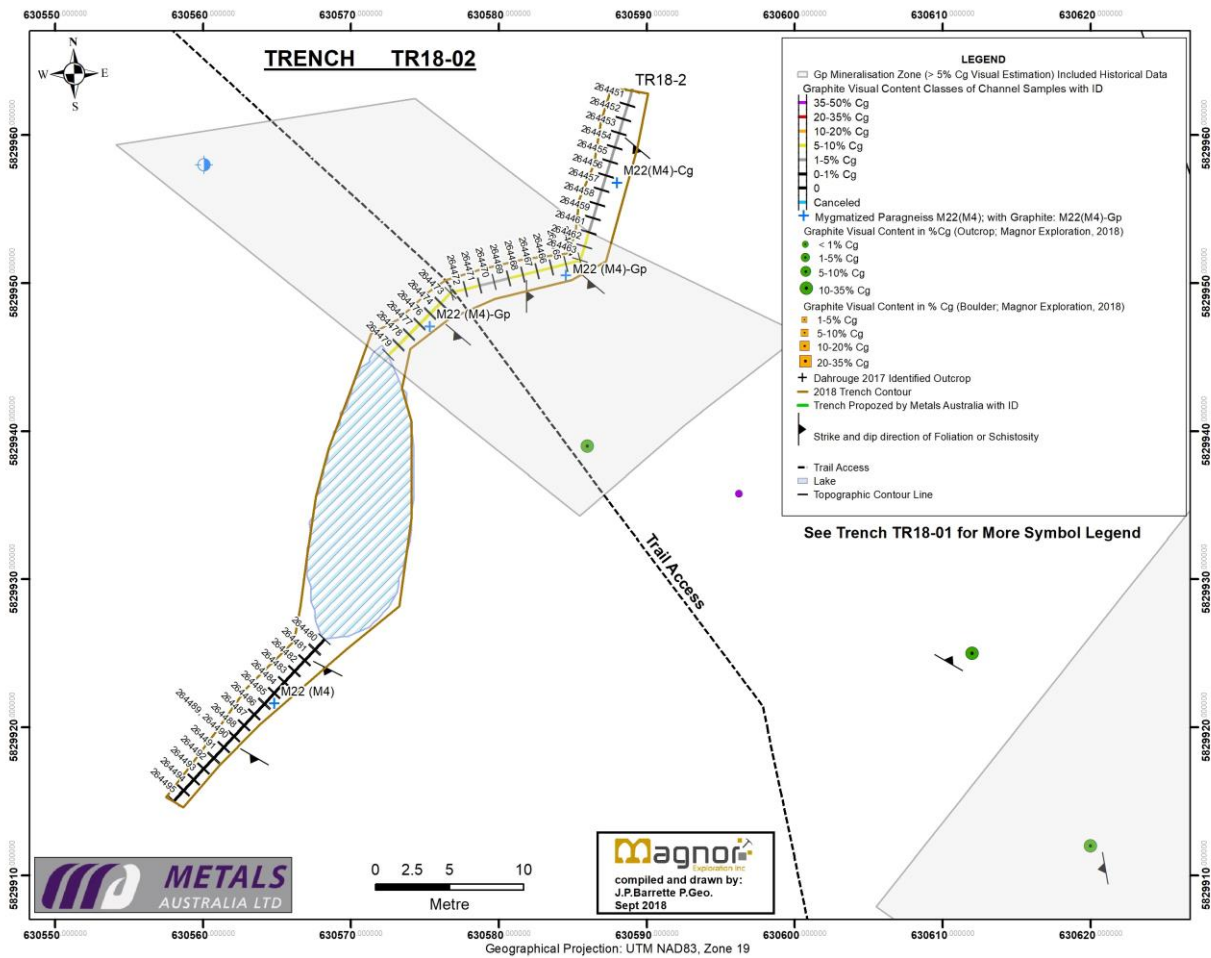


Figure 4: TR18-02 Channel Sample at Lac Rainy Project

Trench TR18-04

Trench TR18-04 is located approximately 130 m south-east of TR18-02 along strike of the high-grade Lac Carheil prospect. The results of TR18-04 included:

- **3.0m at an average grade of 15.58% Cg within Trench 4** (sample 264515 to 264517 inclusive)
- **8.0m at an average grade of 9.55% Cg within Trench 4** (sample 264512 to 264520 inclusive)

The highest single metre interval within TR18-04 was 17.95% Cg within sample 264517. The map below illustrates the orientation of TR18-04.

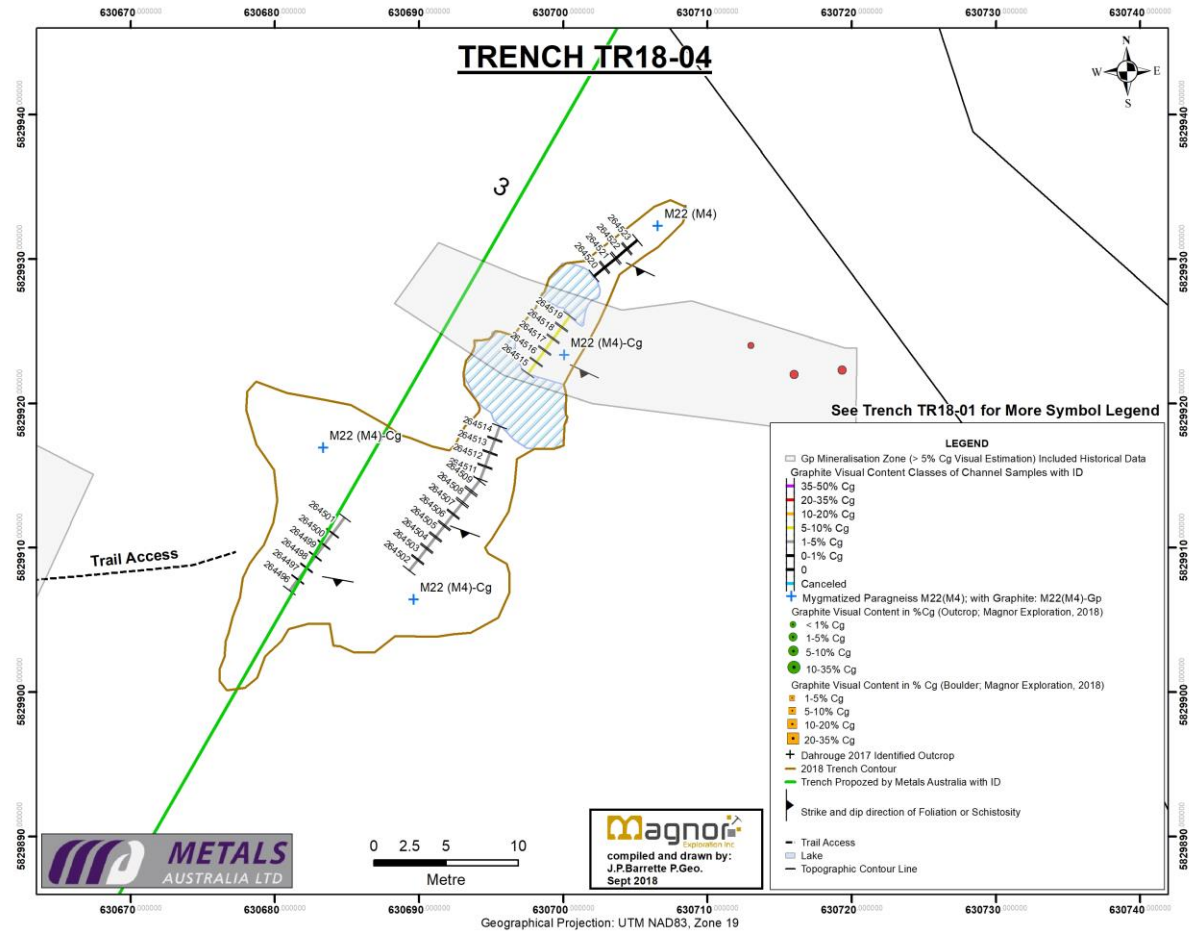


Figure 5: TR18-04 Channel Sample at Lac Rainy Project

Trench TR18-05

Trench TR18-05 is located approximately 150 m south-east of TR18-04 along strike of the high-grade Lac Carheil prospect. The results of TR18-05 included:

- **8.0m at an average grade of 5.76% Cg within Trench 5** (sample 264528 to 264535 inclusive)

The highest single metre interval within TR18-05 was 8.98% Cg within sample 264528. The map below illustrates the orientation of TR18-05.

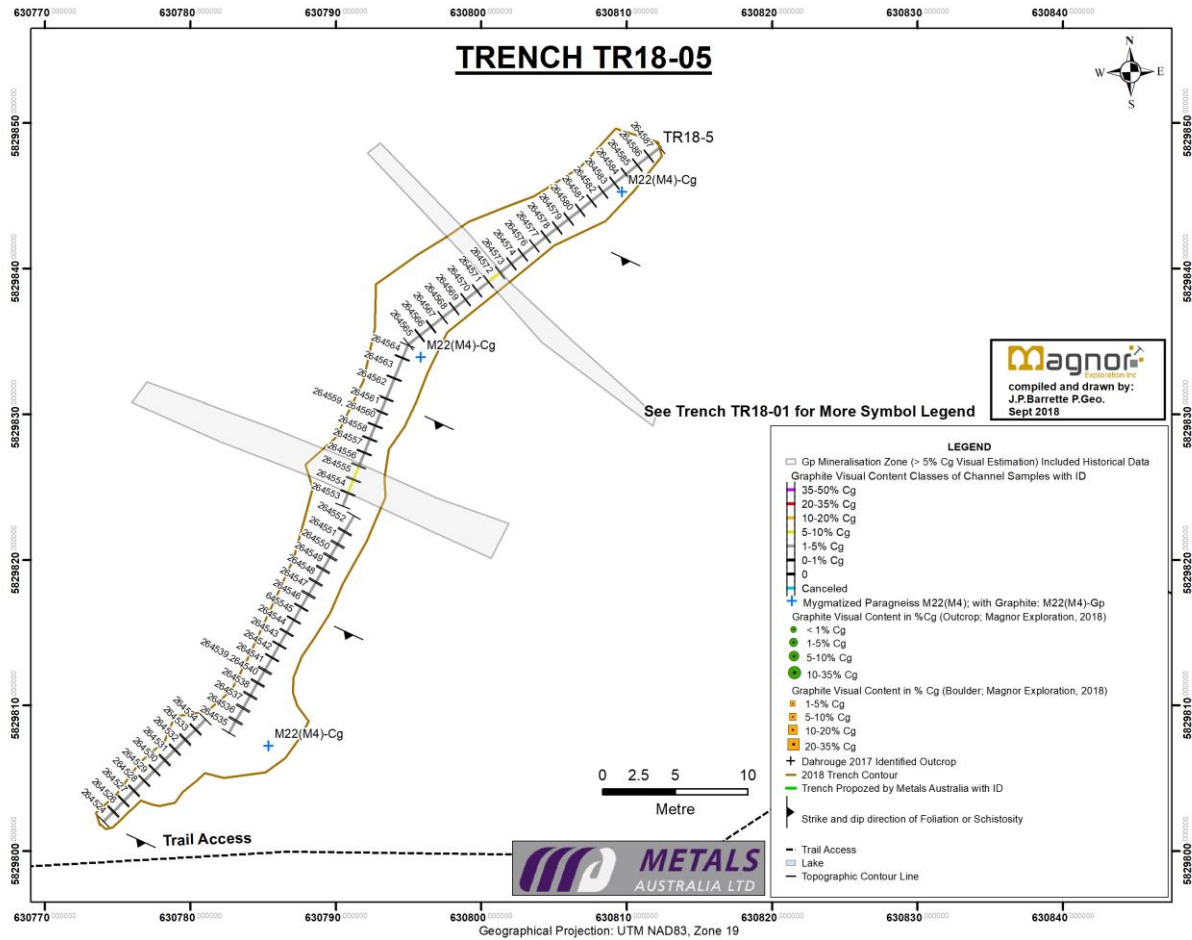


Figure 6: TR18-05 Channel Sample at Lac Rainy Project

Trench TR18-11

Trench TR18-11 is located approximately 750 m south-east of TR18-05 along strike of the high-grade Lac Carheil prospect, which is located 100 m north-west of TR18-11. The results of TR18-11 included:

- **10.9m at an average grade of 23.08% Cg within Trench 11** (sample 264680 to 264689 inclusive)

The highest single metre interval within TR18-11 was 29.5% Cg within sample 264688. The map below illustrates the orientation of TR18-11, which remains open to the north-east.

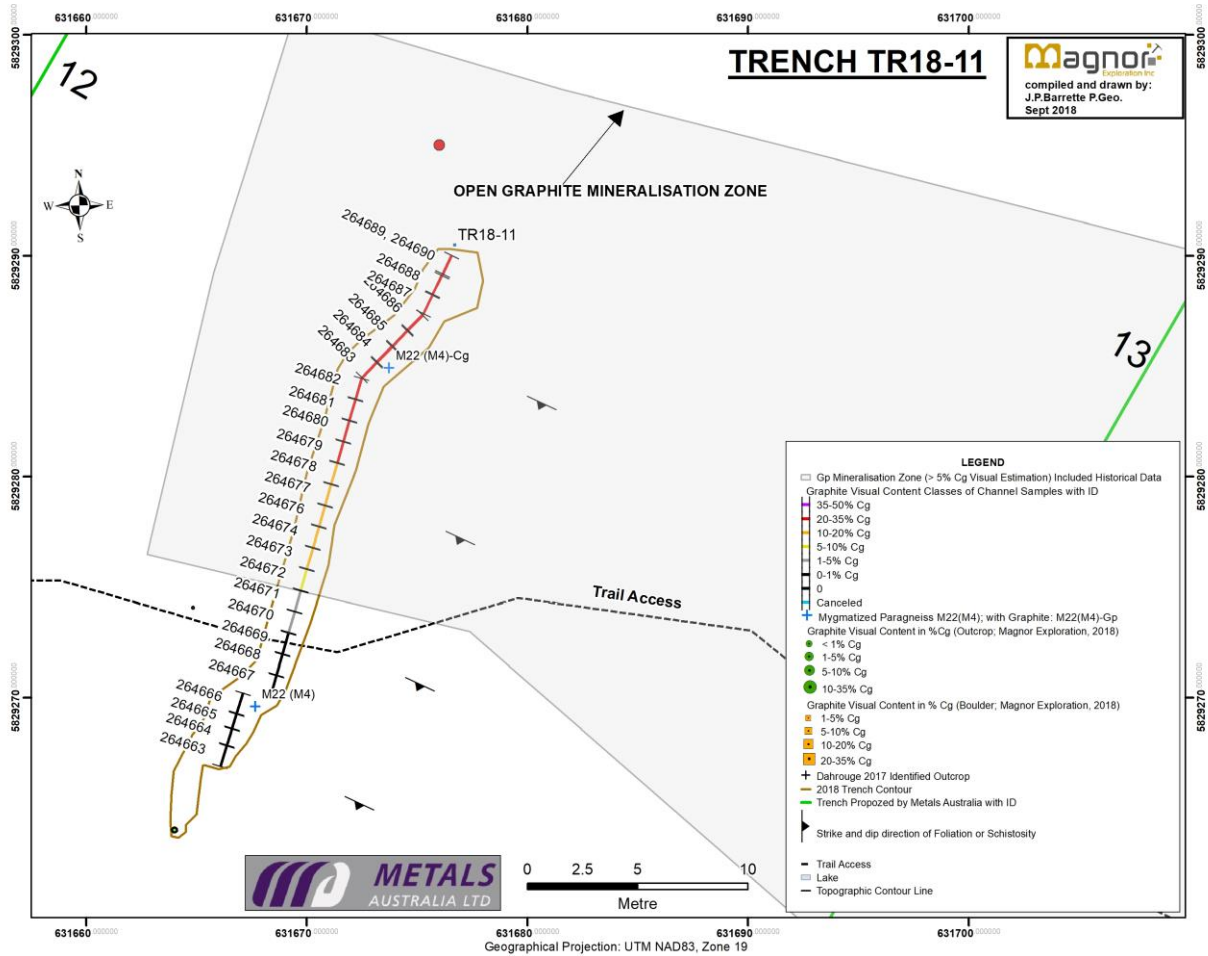


Figure 7: TR18-11 Channel Sample at Lac Rainy Project

Trench TR18-13

Trench TR18-13 is located approximately 100 m south-east of TR18-11 along strike of the high-grade Lac Carheil prospect, which is located 150 m north-west of TR18-13. The results of TR18-13 included:

- **14.5m at an average grade of 18.53% Cg within Trench 13** (sample 264694 to 264708 inclusive)
- **5.0m at an average grade of 14.10% Cg within Trench 13** (sample 264713 to 264717 inclusive)
- **16.0m at an average grade of 12.29% Cg within Trench 13** (sample 264724 to 264741 inclusive)

The highest single metre interval within TR18-13 was 22.3% Cg within sample 264737. The map below illustrates the orientation of TR18-13, which remains open to the south-west.

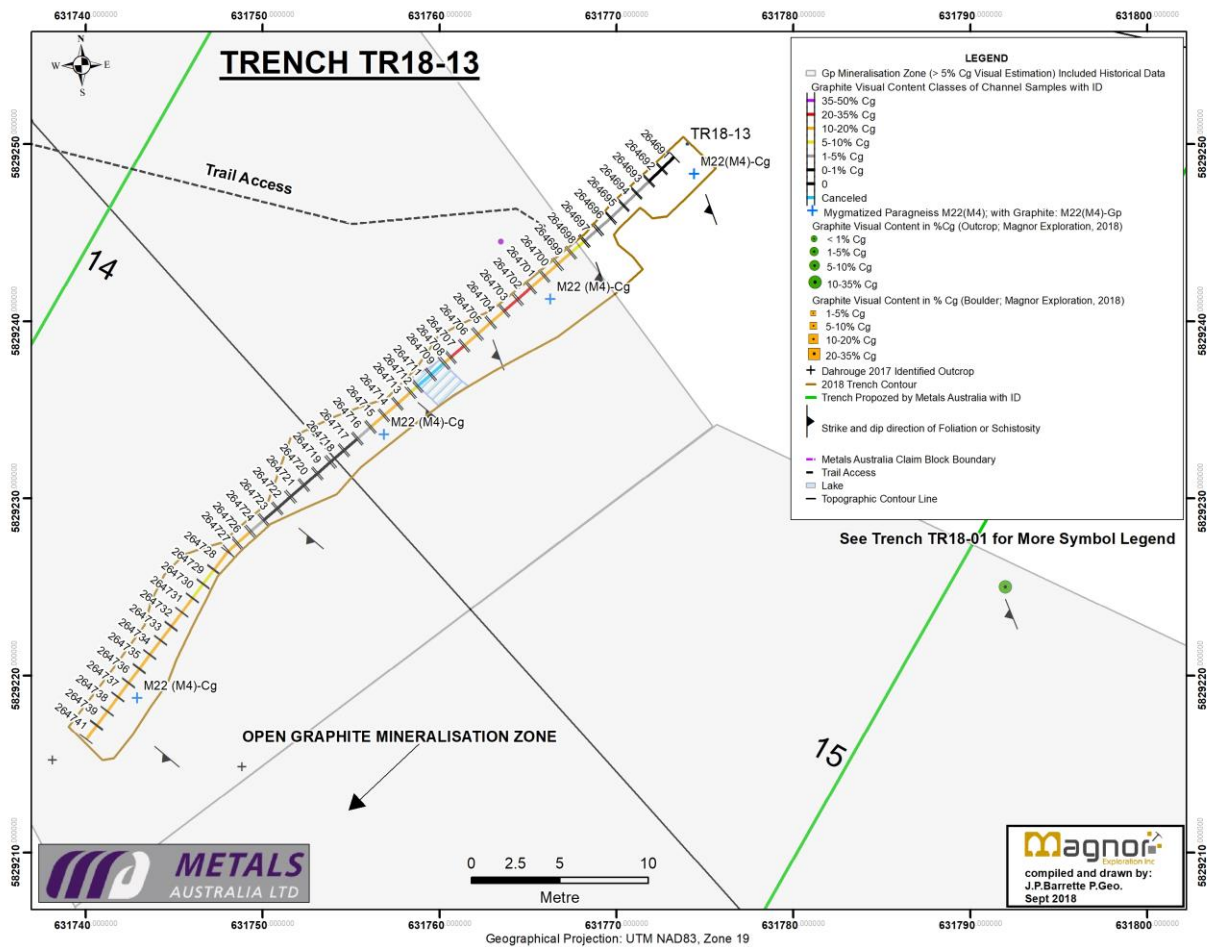


Figure 8: TR18-13 Channel Sample at Lac Rainy Project



JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<p>No drilling completed to date.</p> <p>Rock samples are comprised of grabs and thus represent point locations defined by a small area typically less than 0.5m². A best effort was made to collect as much fresh material as practical and avoid or minimize the inclusion of weathered material in the sample. Hand tools were used to clear the sampling site and remove weathered material as practical before sampling.</p> <p>Channels were cut of the freshest material practical and are considered more representative than the grab samples for that particular location.</p> <p>Samples are considered representative of the site targeted, followed best industry practises as described above, with sufficient material collected per sample.</p> <p>Samples submitted for assay typically weigh 2-3 kg or more. Channel samples may be considered more representative than grab samples as more fresh material may be collected, they report an interval and not a point, and are larger samples. Channel samples are typically several times larger in size that grab samples, adding to their more representative nature.</p>
Drilling techniques	<ul style="list-style-type: none"> 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). 	No drilling completed.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	Not applicable.
Logging	<ul style="list-style-type: none"> 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. 	All rock and channel samples were described to industry standard levels with rock type, modal mineralogy, grain size, and other pertinent observations noted. Descriptions are qualitative in nature.



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<p>Sample preparation follows industry best practice standards and is conducted by internationally recognised laboratories - ALS Laboratories Ltd in Val d'Or, Quebec. Code RX1-graphite was completed as preparation. Samples are crushed to 80% passing 10 mesh, riffle split (250 g), and pulverized to 95% passing 105 micron.</p> <p>Analysis used ALS packages Code 4F-C,S, and 4F-C-Graphite using a graphite specific preparation (RX1- Graphite). Total carbon as well as graphitic carbon are the primary deliverables.</p> <p>Sampling techniques utilized, as described above, ensure adequate representativeness and sample size. As is early exploration, industry standard sampling techniques were followed with fresh material targeted for collection as practical</p> <p>No blanks or standards were submitted by the company with laboratory blanks, standards, and duplicates relied upon, with results reviewed by the companys consultants and found to be satisfactory with no material concerns.</p> <p>Sample size (2-3 kg) accepted as general industry standard for grab samples and is sufficient to provide a representative sample size for the location being sampled.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 	<p>Internal laboratory QAQC relied upon with laboratory blanks, standards, and duplicates relied upon, with results reviewed by the companies consultants and found to be satisfactory with no material concern.</p> <p>No company blanks, standards, or duplicates submitted for analysis</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<p>Assay data is reported as received with no data adjustment. Data is verified by the company's consultants prior to disclosure.</p>
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<p>Handheld GPS used for location of sample points using local UTM grid, Zone 19. Such methods have a typically accuracy of 1-3 m.</p>
Data spacing and	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of 	<p>Only individual sample data reported as received by laboratory for grab samples, with channel samples reported individually via Appendix A, as well as as composites in the</p>



Criteria	JORC Code explanation	Commentary
distribution	<p><i>geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <ul style="list-style-type: none"> <i>Whether sample compositing has been applied.</i> 	<p>highlight section of the NR.</p> <p>Insufficient data to establish resources</p>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>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.</i> 	<p>Grab samples reflective of point locations with sufficient samples collected along strike to assist with interpretation of area and potential. Channel samples attempt to give an indication of grade over width.</p> <p>No drilling completed</p>
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<p>Industry standard chain of custody followed, with samples dropped off at shipping company by field manager, shipping with tracking number, and received direct by the lab, with notification of receipt the day samples received.</p>
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<p>None completed by third parties. The Company's consultants vetted the database internally.</p>



Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 	<p>Metals Australia Limited is the 100% owner of the Lac Rainy Graphite Project, pursuant to the binding acquisition agreement.</p> <p>There are no other material issues affecting the tenements.</p> <p>Quebec Lithium Limited, a wholly owned subsidiary of Metals Australia, is the owner of 100% of the abovementioned graphite project and ownership of the individual CDC claims is with Quebec Lithium Limited.</p> <p>All tenements are in good standing and have been legally validated by a Quebec lawyer specialising in the field.</p>
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<p>No modern exploration has been conducted by other parties.</p> <p>Government mapping records multiple graphitic carbon bearing zones within the project areas but no other data is available.</p>
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<p>Lac Rainy Graphite Project</p> <p>The Lac Rainy graphite project is located within close proximity to Focus Graphite's Lac Knife Project, which is considered a good analogue for mineralization style at Lac Rainy with the same general rock types present.</p> <p>The Lac Rainy and Lac Crheil graphite prospects were first discovered in 1989 and has been subject to some exploration over that time, however previous exploration was not conducted in a systematic manner and was focused more on the iron potential of the region which has meant that the true mineralisation and potential of the Lac Rainy Est graphite project has not been fully established.</p> <p>The Lac Rainy graphite project is contiguous with the Lac Knife Graphite Project which is owned by Focus Graphite. The Lac Knife Project hosts the Lac Knife Deposit.</p> <p>The Lac Knife Graphite Deposit owned by Focus Graphite (which is located less than 4 km south-west of the Project border) and hosts a Measured and Indicated Resource of 9.576 Mt @ 14.77% Cg and an Inferred Resource of 3.102 Mt @ 13.25% Cg at a 3.0% Cg cut-off.</p>



Criteria	JORC Code explanation	Commentary
		<p><i>(Note: Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves)</i></p> <p>The Feasibility Study completed by Met-Chem Canada Inc. (released on 8 August 2014) on the Lac Knife Graphite Deposit indicates that the Lac Knife Graphite Deposit has the potential to become one of the lowest-cost, highest-margin producers of graphite in the world.</p> <p>Refer to http://www.focusgraphite.com/wp-content/uploads/largeReport/Lac-Knife-Feasibility-Study-Technical-Report-August-2014.pdf for further information in relation to the Feasibility Study at the Lac Knife graphite project.</p> <p>Graphite mineralisation is set in migmatized biotite-bearing quartz-feldspar gneiss belonging to the Nault Formation of the lower Proterozoic Gagnon Group.</p> <p>According to the Quebec Ministry of Natural Resources, where this gneissic unit is sheared, brecciated and silicified, coarse graphite flakes and associated sulphide minerals make up 5% to 10% of the rock, with up to 20% or more in the more brecciated zones.</p> <p>Fuchsite and other iron-rich micas accompany the graphite and sulphide mineralization in the more silicified horizons.</p>
<p>Drill hole Information</p>	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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. 	<p>Not Applicable</p>
<p>Data aggregation methods</p>	<ul style="list-style-type: none"> • 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. 	<p>No data aggregation with grab samples reported as point location data. Weighted compositing methods applied to channels</p> <p>No metal equivalents reported</p>



Criteria	JORC Code explanation	Commentary
		No intercepts reported
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	Not Applicable with grab samples representing surface point locations. Channels samples by nature report grade over width with best efforts to cross strike of unit. True widths not known.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	Several maps included in body of news release
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>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.</i> 	Results for all sampling submitted for assay are listed in Appendix A attached to the body of this report.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>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.</i> 	All meaningful and material data is reported.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<p>Detailed geochemistry and geology mapping to determine trends of known mineralised zones and to delineate other Cg anomalies.</p> <p>Drilling.</p>