



## Developing the high-grade Lac Rainy Graphite Project, Quebec, Canada

Investor Presentation

February 2019

[metalsaustralia.com.au](http://metalsaustralia.com.au)

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## **Competent Persons Statement**

The information in this announcement that relates to Exploration Results is based on information compiled by Mr. Jean-Paul Barrette P.Geo, B.Sc. Mr Barrette is Project Geologist with Magnor Exploration Inc. and a consultant to Metals Australia Limited. Mr Barrette and is a member of the Ordre des géologues du Québec (OGQ) with member number OGQ #619. Mr. Barrette has sufficient experience (34 years) 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. Barrette 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.

# Executive Summary

- ASX Listed (ASX: MLS) focused explorer and developer of high-grade natural flake graphite in Quebec, Canada
- The Lac Rainy Graphite Project is located in north-eastern Quebec close to existing iron ore mines (ArcelorMittal – Mount Wright Iron Ore Mine) with nearby infrastructure including power, road and rail
- Lac Rainy Graphite Project (100% owned)
  - 4,600 Ha footprint, brownfields, targeting natural flake graphite-rich formations
  - 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
  - extensive exploration already completed by the Company including mechanised trenching and channel sampling and metallurgical testing - [previous results include 29.3m at an average grade of 15.66% Cg](#)
  - metallurgical testwork demonstrated that a battery-grade graphite concentrate can be produced
  - fully permitted for drilling; proposed drill program of up to 2,800 m planned for this current quarter
- All year round drilling capabilities, exploration preparations advanced
- Experienced team, exploration success

# Metals Australia Overview - Corporate

## ASX Ticker

	MLS
Share Price	A\$0.003
Shares on Issue	2,341,797,777
Listed Options (MLSO) – \$0.003 ex. price – 1/12/19	215,111,667
Listed Options (MLSOA) – \$0.01 ex. price – 31/05/2020	920,925,000
Fully Diluted Market Capitalisation	\$10.4 million
Cash on hand as at 31 December 2018	\$1.2 million
Top 20 Shareholders	~26%

## Board of Directors

### Michael Scivolo – Non-Executive Chairman

Corporate Accountant with extensive experience in the junior resource sector.

### Robert Collins – Non-Executive Director

Served on the board of numerous ASX listed industrial and mining companies, and owned a large accounting practice servicing the corporate sector.

### Gino D’Anna – Director

Extensive experience in the junior resources sector with a proven track record in identifying and developing natural resource projects. Significant experience in Canada. He has raised in excess of \$100 million over the last 10 years.



Image 1: Channel Sampling at Lac Rainy

# Refocused Strategy

- Natural flake high-grade graphite focus: strategic and critical battery mineral
- The market for high-grade natural flake graphite remains strong with a positive outlook - [Roskill cites the continuing closure of processing plants in China as placing significant upward pressure on graphite prices](#)
- Lac Rainy Graphite Project represents a significant development opportunity adjacent to key mining infrastructure and on the door step of a mature market of high-quality end-users across North America
- Executed MoU with Weihai Nanhai Carbon Ltd in China – [demonstrates demand from China for high quality graphite concentrate](#)
- Optionality to capture strong end-user interest and scope to fund ‘project level’ investment for development of the graphite project – minimises dilution
- Lac Rainy represents a low cost drill-ready opportunities in a jurisdiction that has had major graphite discoveries along with significant M&A activity

# Lac Rainy Graphite Project

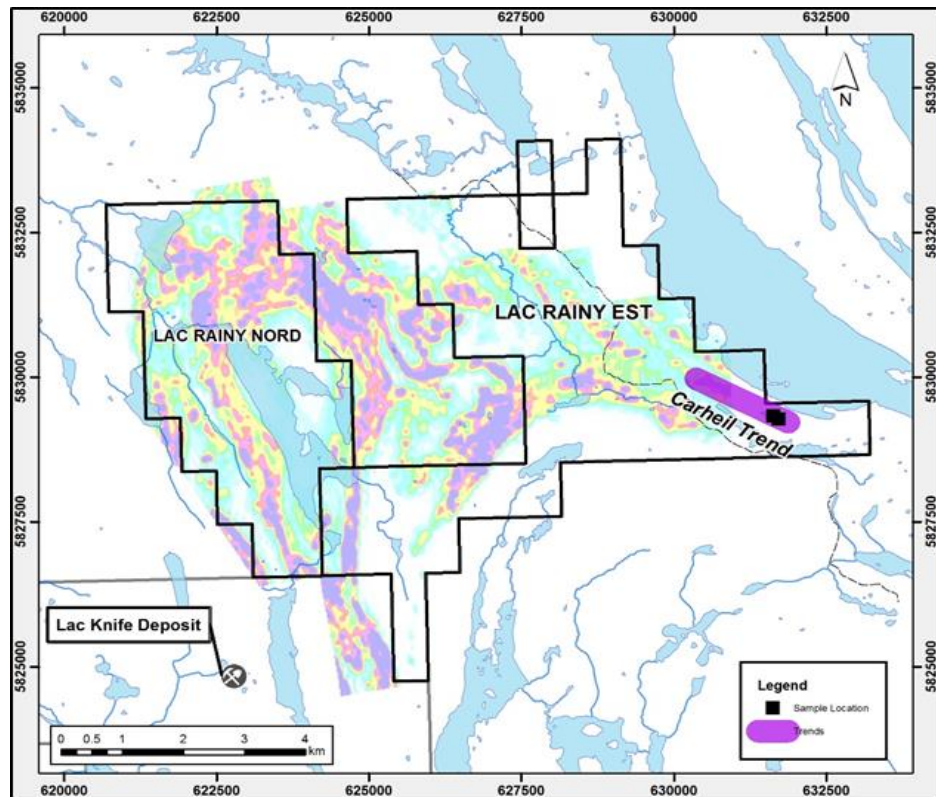


Figure 1: Airborne EM survey over the Lac Rainy Graphite Project

- 100% owned high-grade natural flake graphite project located in one of the premier graphite geological regions of Quebec
- Located approximately 22 km south-west of the historic mining town of Fermont and 260 km north-northeast of the port city of Sept-Îles
- Excellent year-round access, approximately 15 km east of Route 389, a paved highway which travels north to Fermont
- Access tracks and bridges installed by the Company to facilitate exploration and drilling
- Major road networks link the project with ports along the St Lawrence River, offering the Company a route to the seaborne market as well as North American and South American markets
- Contiguous with 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



# High Intensity Airborne EM Survey

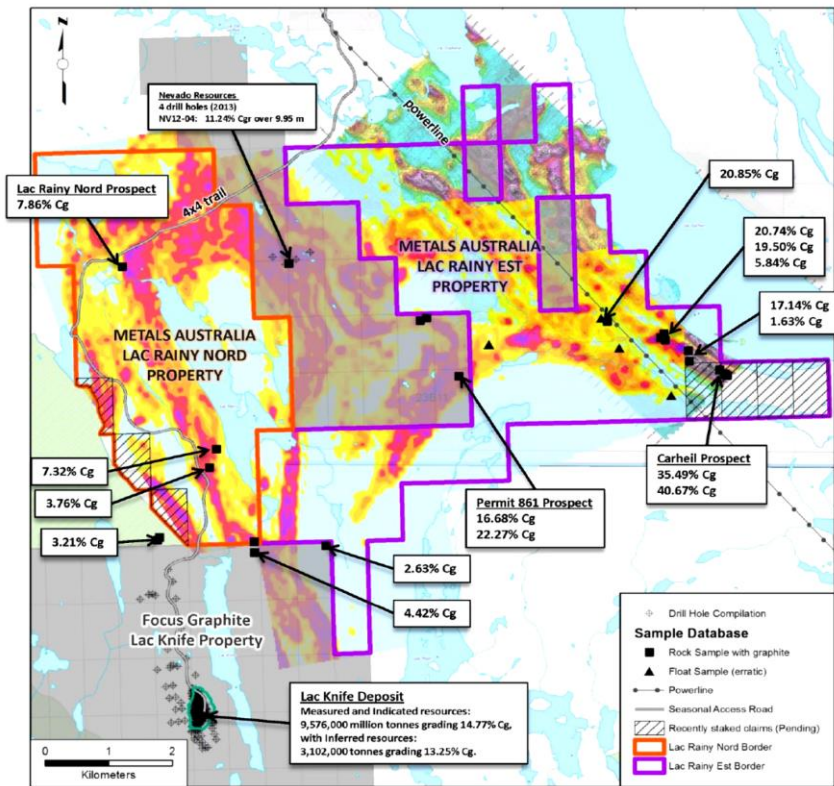


Figure 2: MAG and TDEM survey over the Lac Rainy Graphite Project

- The results of the MAG and TDEM surveys indicate the presence of multiple thick zones of highly conductive graphite mineralisation
- The identified geological similarities between the Carheil Prospect trend and the rest of Lac Rainy highlights the extension of the graphite mineralisation across the entire project area
- Lac Rainy appears to be [similar to the most advanced battery-grade graphite project in North America](#), the nearby Lac Knife Graphite Deposit
- The MAG and TDEM surveys identify a northwestern extension of the high-grade Carheil Prospect, which is located south-east and along strike of Lac Rainy
- Demonstrates the potential of the project to host a significant high-grade graphite resource

# Exceptional Initial Metallurgical Results

- Metallurgical testwork and mineralogical characterisation completed on mini-bulk sample of graphite mineralisation
- Sighter tests completed on two composite samples, including sample preparation; sample characterisation (chemical and mineralogical); and flotation testing
- Results indicate that Lac Rainy graphite can produce a battery-grade graphite concentrate
  - High sample head grades of 36.5% and 22.0% Ct (total Carbon)
  - Exceptional Graphite recovery up to 91.0% using simple and low-cost processing routes
  - Exceptional Concentrate grades of up to 96.2% Ct – exceeding standard cut-off grades for commercial grade graphite concentrates
  - Total carbon grades up to 98.8% in large and jumbo flake size fractions
  - Low levels of potentially deleterious elements – outstanding result which will differentiate Lac Rainy graphite concentrate from its competitors



# Mechanised Trenching and Channel Sampling

- 16 exploration lines completed for a total of 677 lineal metres of trenching
- 453 lineal metres of channel sampling was completed which generated 459 samples
- A further 89 samples collected from project-wide prospecting and mapping of targets identified from the airborne geophysical program
- Identified a Southeast and Northwest extension of the known high-grade Carheil Zone
- Adding the new Northwest and Southeast extensions, the Carheil Zone has a potential economic envelope of 3.2 km in length by 10 m to 45 m in width
- New high-grade “Carheil East Zone” identified which measures in excess of 450m in length

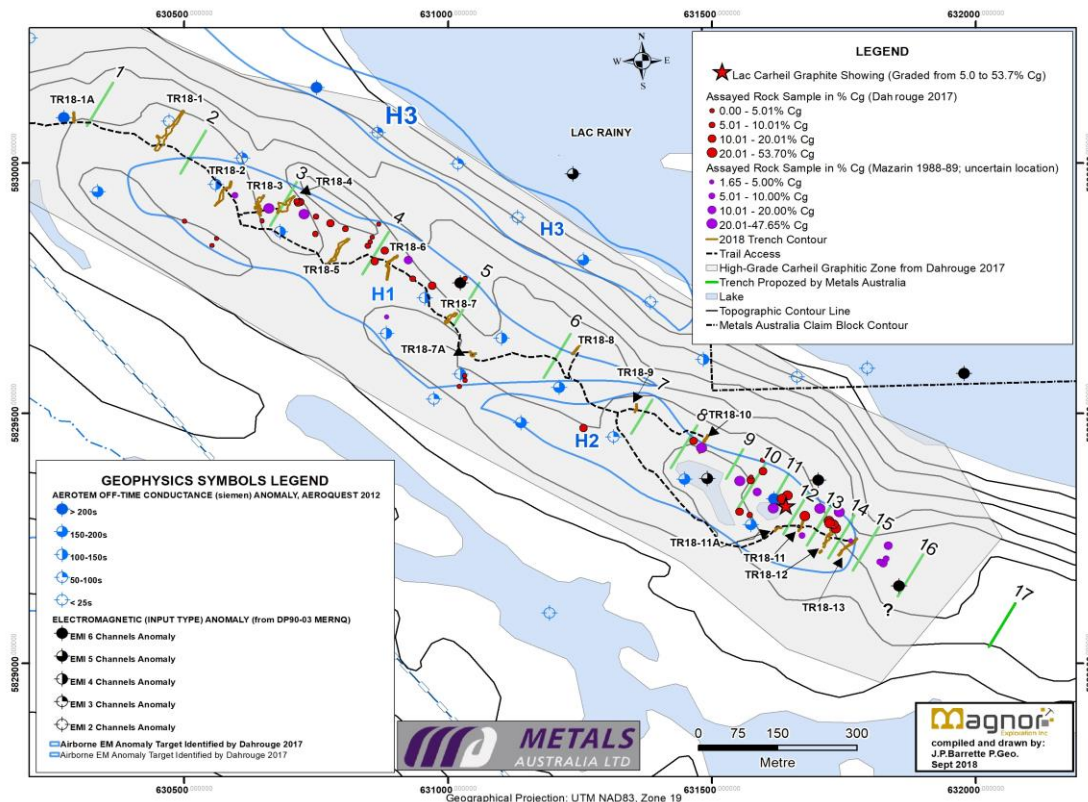


Figure 3: Channel Sampling Location Map at Carheil Prospect - Lac Rainy Graphite Project

# High-Grade Mineralisation Across Extensive Wide Zones

- Channel sampling completed by the Company identified extensive wide zones of high-grade natural flake graphite mineralisation. Results include:
  - 9.1m at an average grade of 6.57% Cg within Trench 1
  - 20.4m at an average grade of 15.6% Cg within Trench 1A - [Incl. 4.5m at an average grade of 20.0% Cg](#)
  - 22.0m at an average grade of 13.51% Cg within Trench 2 - [Incl. 8.0m at an average grade of 21.42% Cg](#)
  - 26.6m at average grade of 9.23% Cg of Trenches 3, 3A and 3B from continuous and lateral correlation samples (remains open) - [Incl. 5.0m at an average grade of 12.41% Cg \(remains open\)](#)
  - 8.0m at an average grade of 9.55% Cg within Trench 4 - [Incl. 3.0m at an average grade of 15.58% Cg](#)
  - 19.5m at an average grade of 9.07% Cg within Trench 5 - [Incl. 8.0m at an average grade of 5.76% Cg](#)
  - 12.0m at an average grade of 10.95% Cg within Trench 6 - [Incl. 7.0m at an average grade of 13.57% Cg](#)
  - 8.7m at an average grade of 27.28% Cg within Trench 10 (remains open)
  - 6.0m at an average grade of 12.35% Cg within Trench 11A
  - 16.0m at an average grade of 19.8% Cg within Trench 11 - [Incl. 10.9m at an average grade of 23.08% Cg](#)
  - 29.3m at an average grade of 15.66% Cg within Trench 12 (remains open) - [Incl. 16.3m at an average grade of 20.35% Cg](#)
  - 14.5m at an average grade of 18.53% Cg within Trench 13
  - 16.0m at an average grade of 12.29% Cg within Trench 13
  - 5.0m at an average grade of 14.10% Cg within Trench 13

# Maiden Diamond Drilling Program – Permitted

- Fully permitted maiden diamond drilling program
- Maiden program of up to 2,800m to test the down dip / plunge extensions
- Advanced metallurgical testwork to be undertaken
- Location of holes will be along the trend of the mineralisation at the Carheil Prospect
- Expected that approximately 1,000 samples will be generated by the drilling
- Expanded drilling program planned of 4,000 to 6,000 metres

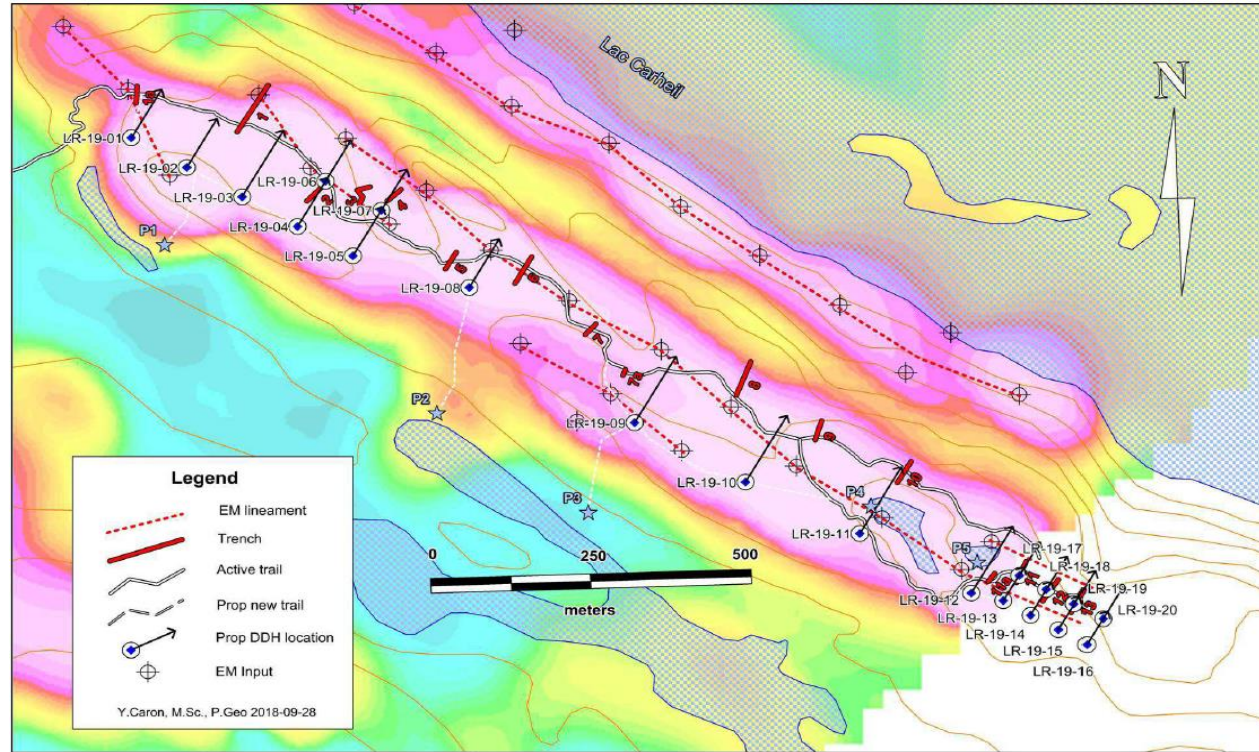


Figure 4: Planned Drill Hole Location Map and Airborne MAG Survey - Lac Rainy Graphite Project



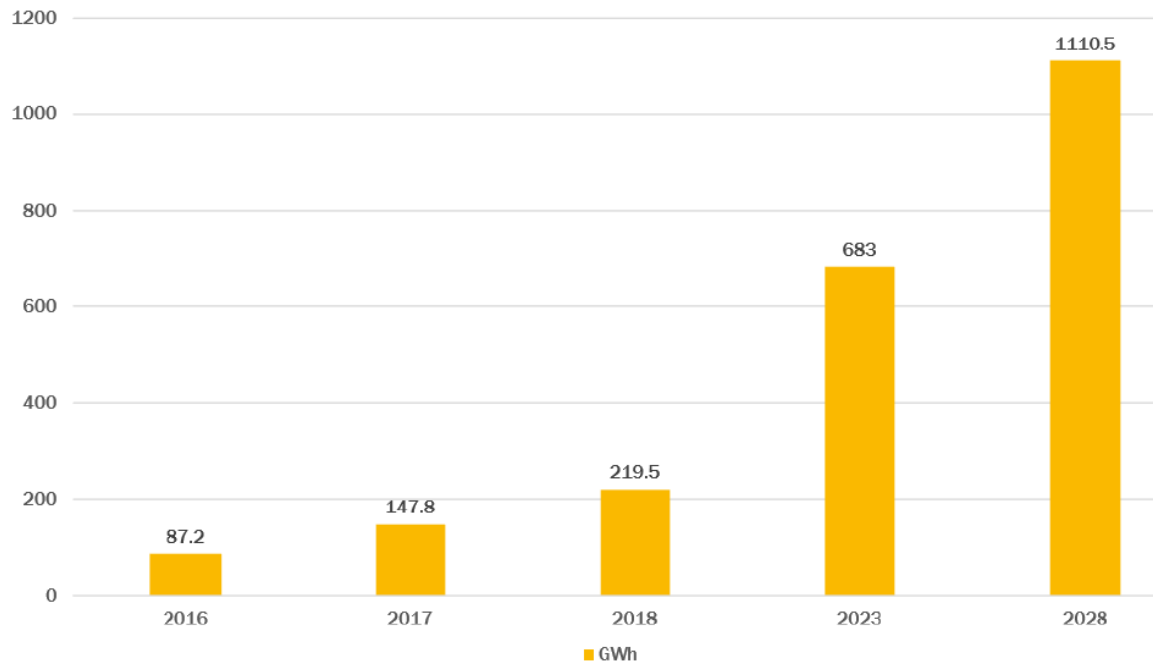
# Major Development Targets – Near Term

- Near term development targets and Company catalysts include:
  - Commencement of Maiden Diamond Drilling Program – [expected to start imminently](#)
  - Announcement of Maiden JORC Resource – [expected following completion of drilling](#)
  - Advanced metallurgical testwork and commencement of down-stream product testing – [expected early H2 of 2019](#)
  - Continued engagement with North American end-user groups - [ongoing](#)
  - Expanded diamond drilling program at Lac Rainy – subject to results of maiden program – [expected early H2 of 2019](#)
  - Scoping Study to define potential Economic Parameters for the Lac Rainy graphite project – [results expected Q4 of 2019](#)



# The Right Commodity at the Right Time

## Pipeline lithium ion battery capacity out to 2028



Source: Benchmark Mineral Intelligence, Lithium ion Battery Megafactory Assessment

- Estimated 10 year battery cap growth of 891GWh
- Equates to >900kt battery-suitable natural graphite or up to 2.7Mt new production
- Feedstock typically 75-180 $\mu$ m
- Benchmark Mineral Intelligence has identified “base case” graphite supply shortages to commence around 2023

# Global Trends in the Graphite Market

- President of the China Building Materials  
Application Technology Research Institute*

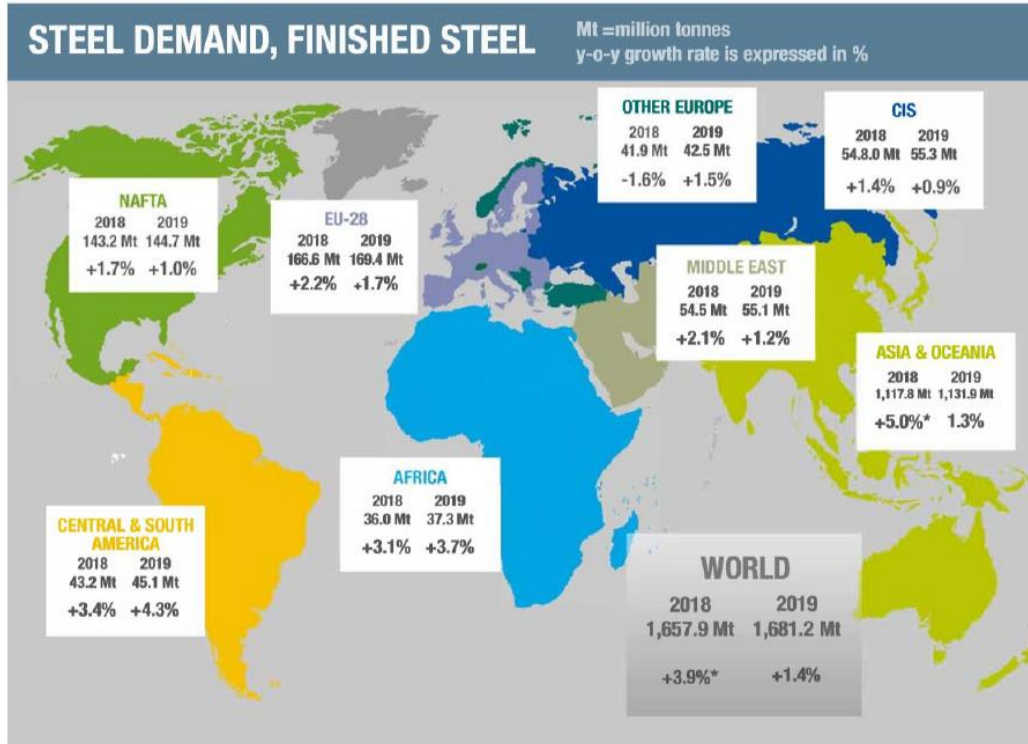


Image 2: West London's Grenfell Tower

[www.indiamart.com/proddetail/expanded-graphite-12409081573.html](http://www.indiamart.com/proddetail/expanded-graphite-12409081573.html)



# Global Trends in the Graphite Market



- Steel Industry – Strong industrial foundation



SOURCE: TRADINGECONOMICS.COM | OTC

Iron ore prices refer to Iron Ore Fine China Import 63.5 percent grade Spot Cost and Freight for the delivery at the Chinese port of Tianjin



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