

ASX Announcement

28 March 2019

Metals Australia to Undertake Non-Renounceable Rights Issue to Accelerate & Expand Exploration at Lac Rainy

Highlights:

- 1 for 3 non-renounceable entitlement offer to raise approximately \$1.6 million
- New Shares to be issued at \$0.0018 per share, a discount to the last traded price of Metals Australia Ltd on the ASX
- Participants in the Rights Issue will also receive a free attaching option on a 1 for 1 basis, with each option exercisable at \$0.0035 per share with an expiry date of 1 June 2022
- Company will apply to the ASX for Quotation of the Rights Issue Options
- Participants in the Rights Issue will have the option to apply for additional Shortfall Shares in addition to their entitlement under the Rights Issue
- Funds raised under the Rights Issue will be used to accelerate and expand the current maiden diamond drilling program at the Lac Rainy Graphite Project as well as for general working capital requirements

Graphite exploration and development company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce that it will be undertaking a 1 for 3 non-renounceable rights issue of up to 897,000,000 new fully paid ordinary shares in the Company (each, a **New Share**) at \$0.0018 per New Share to raise up to approximately \$1.6 million (before costs) (**Rights Issue**).

Participants in the Rights Issue will also receive a free attaching option on a 1 for 1 basis resulting in the issue of up to 897,000,000 options in the Company (each, a **New Option**) with each New Option having an exercise price of \$0.0035 per share and an expiry date of 1 June 2022. The Company will apply to ASX for Quotation of the New Options.

Further details of the Rights Issue will be included in the Rights Issue Prospectus which will be lodged with the ASX and the ASIC and despatched to shareholders as soon as practicable after lodgement.

Under the Rights Issue, New Shares and New Options will be offered to all shareholders who are, as at 7pm (Sydney time) on the Record Date, registered with a registered address in either Australia, New Zealand or Hong Kong (**Eligible Shareholders**). The Record Date will be set once the Rights Issue Prospectus has been finalised for lodgement with the ASX and the ASIC.

Eligible Shareholders will also be able to apply for New Shares and New Options in addition to their Entitlement, from any Shortfall that may arise under the Rights Issue.

The funds raised under the Rights Issue will be used to accelerate and expand the current maiden diamond drilling program at the Lac Rainy Graphite Project as well as for general working capital requirements, including the costs of the Rights Issue.

A timetable for the Rights Issue will be published in due course once the Company has received approval from the ASX for the timetable and once the Rights Issue Prospectus has been finalised for lodgement with the ASX and the ASIC.

Mobilisation for the drilling program is now complete and the drill rig is set up at the first drill site, close to the high-grade Lac Carheil Prospect. Unfortunately, visibility on site was significantly reduced over the past four (4) days due to a snowstorm, which delayed the setup of the drill rig. This adverse weather has now subsided allowing drilling to commence imminently.

The Company will advise shareholders once drilling has commenced and provide regular updates as the program progresses.

The image below illustrates the drill rig which has been set up at the first drill site.



Figure 1: Diamond drill rig being set up at the first drill site at the Lac Rainy Graphite Project

Commenting on the announcement of the Rights Issue, Director of Metals Australia Ltd, Mr Gino D'Anna stated:

“The Company received an overwhelming response from existing shareholders seeking to participate in the ongoing funding of the Company. This Rights Issue provides our shareholders with the right to participate on the same terms as the recent private placement that was undertaken. The funds from the Rights Issue will be applied to an expansion of the current maiden diamond drilling program at Lac Rainy.

We look forward to providing shareholders with further updates in what will be a busy 2019 for our Company.”

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Caution Regarding Forward-Looking Information

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