

3 May 2019

Chris Hesford  
Adviser Listings Compliance (Perth)

Via email: [chris.hesford@asx.com.au](mailto:chris.hesford@asx.com.au)

Dear Chris.

**RESPONSE TO ASX APPENDIX 5B QUERY**

Metals Australia Limited (ASX: MLS and "Company") refers to your letter dated 2 May 2019.

Please find below the Company's response to each question corresponding to the numbering of the questions posed by the ASX.

1. Yes.
2. MLS proposes to raise capital via the issue of securities in the Company. MLS believes that this is likely to be successful.
3. Yes. On the basis of raising capital as noted in 2.
4. The Directors continually monitor the capital requirements of the Group and this includes additional capital raisings in future periods as required. The Company has had the support of several broking firms in the recent past that have raised money for the Company by way of placements. The Directors have no reason to believe that this support will not continue in the immediate future.

The Directors also believe that the Company will continue as a going concern and that it has the ability to raise capital by the issue of additional securities under the Corporations Act 2001, and also has the ability to curtail administration and operational cash out flows as required.

5. Confirmed.

6. Confirmed.

Sincerely.



Martin Stein  
Company Secretary  
Metals Australia Limited



02 May 2019

**Mr Martin Stein**

Company Secretary  
Metals Australia Limited  
1st Floor, 8 Parliament Place  
West Perth WA 6005

By email: mstein@kmm.com.au

Dear Mr Stein

**Metals Australia Limited ("MLS"): Appendix 5B Query**

I refer to MLS's Appendix 5B quarterly report for the period ended 31 March 2019 lodged with ASX Market Announcements Platform on 30 April 2019 (the "Appendix 5B").

ASX notes that MLS has reported:

- negative net operating cash flows for the quarter of \$839,000;
- cash at the end of the quarter of \$898,000; and,
- estimated cash outflows for the next quarter of \$874,000.

It is possible to conclude, based on the information in the Appendix 5B that if MLS were to continue to expend cash at the rate indicated by the Appendix 5B, MLS may not have sufficient cash to continue funding its operations. In view of that, ASX asks MLS to respond separately to each of the following questions and requests for information:

1. Does MLS expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has MLS taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does MLS expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that MLS considers may be relevant to ASX forming an opinion on whether MLS is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that MLS is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that MLS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MLS with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm AWST on Monday 6 May 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MLS's securities under Listing Rule 17.3.

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You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MLS's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [chris.hesford@asx.com.au](mailto:chris.hesford@asx.com.au) and to [tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to MLS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MLS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MLS's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

*[Sent electronically without signature]*

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**Chris Hesford**  
**Adviser Listings Compliance (Perth)**  
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