

ASX Release
27 July 2020

Chris Hesford
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ASX Compliance Pty Ltd
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By Email: chris.hesford@asx.com.au

Dear Chris,

MetalsTech Limited - Response to ASX Aware Query (the "MTC Aware Query")

We refer to your letter dated 23 July 2020 through which the ASX referred to the announcements made by the Company dated 23 July 2020 and 21 July 2020 and the Company's response to the ASX Price and Volume Query which was released on 17 July 2020.

In addition, the ASX refers to the increase in the price of the Company's securities from a closing price of \$0.15 on 15 July 2020 to a closing price of \$0.23 on 17 July 2020 and an intraday high of \$0.24 on 20 July 2020 on higher than average volumes, particularly on 17 and 20 July 2020.

The ASX also notes the increase in price of the Company's securities from an opening price of \$0.22 on 21 July 2020 to a closing price of \$0.285 on 22 July 2020 on higher than average volumes.

For ease of reference, we have adopted the same numbering approach as that set out in the 23 July 2020 letter to the Company.

1. Yes.

Wuxi Baichuan Chemical Industrial Co Ltd (BCC) was the previous holder of 7,790,000 fully paid ordinary shares representing approximately 6.1% of the Company total issued capital on an undiluted basis.

The bookbuild and sell down of the BCC equity position was therefore considered material information and accordingly an ASX announcement was released on 21 July 2020.

2. Not Applicable.

3. The Company advises the following:

3.1 The Bookbuild was commenced on the morning of 20 July 2020. The Bookbuild was coordinated by the broker representing BCC (the **Sell-side Broker**). The Sell-side Broker contacted further brokers that had shown interest in participating in the Bookbuild (the **Buy-side Brokers**), which were introduced to the Sell-side Broker by the Company. The Buy-side Brokers were unrelated to the Company.

The Company managed the Bookbuild in so much as the Company provided the Sell-side Broker with the contact details of the Buy-side Brokers and indicated a level of interest (as in the number of shares that the Buy-side Broker may be willing

Note: This announcement is authorised by the executive board on behalf of the Company.

to buy in the Bookbuild) that had been expressed by the Buy-side Brokers to the Company in their respective participation in the Bookbuild.

- 3.2 The Bookbuild was undertaken at the request of BCC who were looking to sell down its equity position in the Company. Being that the equity position represented 6.1% of the undiluted capital of the Company, it was in the best interests of the Company and all of its shareholders to undertake the sell down via a Bookbuild.
- 3.3 The Company was not notified by the Sell-side Broker that the Bookbuild had been completed. The Company did however notice that upon review of the course of sales for the trading day on 20 July 2020 it had become apparent that the Bookbuild had been completed.

4. Not Applicable.

5. The Bookbuild was completed on 20 July 2020. As noted in response 3.3 (above), the Company was not notified that the Bookbuild had been completed, but later became aware of it through its own investigations.

An announcement was promptly prepared and reviewed by the Company and its advisors. The announcement was lodged on the MAP at 7.46 am (AWST) on 21 July 2020.

It was not possible to make the announcement any sooner as the Company and its respective advisors required adequate time to review the contents of the announcement.

6. Yes.

The Drilling Commencement Announcement was released to keep the Company's shareholders updated on the activities of the Company, particularly in light of the delayed commencement date for the drilling.

On 13 May 2020, the Company announced that it would commence a resource expansion drilling program from the underground Andrej Adit at Sturec. Due to COVID-19 restrictions, the preferred drilling contractor was unable to be mobilized to the site, however, was able to commence a drilling program at another project for a different client. Although restrictions were eased in Slovakia during June 2020, the Company's drill program was not able to commence as the chosen drilling contractor was not available.

As the drilling contractor has significant experience at Sturec, having completed drilling programs for its previous owners, the Company believed it was best to wait until the drilling contractor was available. The drilling contractor completed its works for its other client and mobilised to Sturec to commence drilling from within the underground Andrej Adit.

7. Not Applicable.

8. The Company advises the following:

- 8.1 The Company did not decide the date for when underground diamond drilling would commence at Sturec. The date was governed by the availability of the

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preferred drilling contractor and their ability to mobilise to site at Sturec. Refer to the response 6 (above).

8.2 The Company became aware that the drill rig had been mobilized to site at Sturec on 22 July 2020.

8.3 The Company advises the following:

8.3.1 The Company announced its plans to undertake a scoping study alongside other development catalysts as set out in its investor presentation which was released to the ASX on 14 April 2020 and titled "NWR Small-Cap Virtual Conference Presentation.

The Company had been discussing the commencement of a scoping study based on a high-grade underground mining operation as an alternative and faster path to production. This is not uncommon as the Company seeks to understand the economic factors of several different methods of production.

8.3.2 The current activities being undertaken at Sturec which includes the underground diamond drilling in the Andrej Adit and the metallurgical testwork being completed in Australia will form integral components of the planned scoping study. There is still a significant amount of work to be done before the scoping study can be completed.

A decision to accelerate completion of the scoping study and in particular the mining method was considered by the Company following completion of the modelling of the JORC (2012) Mineral Resource estimate which highlighted the high-grade plunging zone where previous drilling STOR 3.11 identified significant high-grade gold mineralisation.

The Sturec project is an advanced brownfield gold project that previously had a Pre-feasibility Study (PFS) completed by SRK in April 2013. As this was based on different technology and mining method assumptions, most notably a lower gold price, the Company seeks to move towards the completion of a scoping study as soon as possible.

8.4 Extraction of ore from the Andrej Adit for the collection of bulk samples for metallurgical testing in Australia commenced in late April 2020. Refer to ASX announcement lodged with the MAP and released on 2 April 2020 and titled "MetalsTech Awarded Extension to Underground Mining Permit" and the ASX announcement lodged with the MAP and released on 21 April 2020 and titled "MetalsTech Targets High Grade Gold Zone".

9. ASX announcements had already been lodged with the MAP and released to the ASX accordingly in adherence with the principles of ASX Listing Rule 3.1 Continuous Disclosure.

10. Refer to the explanation provided at response section 8.

11. The Company undertook small-scale extraction of ore from within the underground Andrej Adit not only for metallurgical testwork purposes but to stockpile the ore on surface for future use. A total of 600kg has been shipped to Australia to date for metallurgical testwork purposes with significantly more ore left remaining on surface

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at Sturec for future use. The Company plans to ship larger quantities for further testwork.

12. This statement refers to the Company's ambition to develop the Sturec project to the point where the Company is able to leverage its success in a booming gold market.
13. MTC confirms that it is in compliance with the ASX Listing Rules. Furthermore, the Company confirms that it is in compliance with ASX Listing Rule 3.1, which is described as its continuous disclosure obligations.
14. The responses provided above have been authorised and approved by the Board in keeping with its published corporate governance procedures and continuous disclosure protocols, and the Board has instructed Mr Gino D'Anna as Director to manage all matters of liaison with the ASX, including but not limited to the matters dealt with in the letter from the ASX dated 23 July 2020 and the Company's response dated 24 July 2020.

Should you have any further queries, please do not hesitate to contact the undersigned.

Regards,



Gino D'Anna
Director

For further information, contact:

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Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning MetalsTech. 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 MetalsTech 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.

Note: This announcement is authorised by the executive board on behalf of the Company.

23 July 2020

Reference: 20878

Mr Gino D'Anna
Company Secretary
MetalsTech Limited
Suite 1, 100 Hay Street

By email

Dear Mr D'Anna

MetalsTech Limited ('MTC'): Aware and Query Letter

ASX refers to the following:

- A. MTC's announcement entitled "Diamond Drilling Commences at Sturec Gold Mine" lodged on the ASX Market Announcements Platform ('**MAP**') and released at 8.18 AM AEST on 23 July 2020 ('**Drilling Commencement Announcement**') disclosing, amongst other things, that:
- (i) underground diamond drilling has commenced within the Andrej Adit at the Sturec Gold Mine;
 - (ii) MTC continues to mine and extract ore from the Andrej Adit under its recently awarded underground mining licence, with ore being shipped to Australia for bulk metallurgical testing;
 - (iii) to capitalise on a booming gold sector, MTC is looking to fast track production at Sturec and has accelerated the completion of a scoping study for a simple, high-grade underground mine that takes advantage of the existing Sturec infrastructure, mine workings and existing underground mining licence which was awarded to MTC in April 2020 ('**Scoping Study**');
 - (iv) results from the current drill program will feed into the underground mine scoping study, which is expected to include as a first stage of operations, a simple and low CAPEX gravity separation and flotation concentrate operation with a shorter timeline to production; and
 - (v) the gold price continues to test new highs and MTC hopes to be "deal ready" in 2021 or sooner.
- B. MTC's announcement entitled "BCC Bookbuild and Sell Down Completed" lodged on MAP and released at 9.46 AM AEST on 21 July 2020 (the '**BCC Announcement**'), disclosing, amongst other things, that:
- (i) Wuxi Baichuan Chemical Industrial Co Ltd ('**BCC**') had divested its remaining 7,790,000 shares stake in MTC in a \$1.4million bookbuild and sell down completed at \$0.18 per share to institutional and sophisticated investors ('**Bookbuild**');
 - (ii) the Bookbuild was managed by MTC and subscribed for by institutional and sophisticated investors who are gold focused investors that want to see MTC aggressively develop the Sturec Gold Project.
- C. ASX's price and volume query letter and MTC's response, both dated 17 July 2020, lodged on MAP and released at 1.21 PM AEST on 17 July 2020 ('**MTC Price Query Response**'). The MTC Price Query Response states, amongst other things, that :

MTC is not aware of any information concerning the Company that has not been announced to the market which, if known by some in the market, could explain the recent trading pattern in the securities of the Company.

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- D. The increase in the price of MTC's securities from a closing price of \$0.15 on 15 July 2020 to a closing price of \$0.23 on 17 July 2020 and an intraday high of \$0.24 on 20 July 2020 on higher than average volumes, particularly on 17 and 20 July 2020.
- E. The increase in price of MTC's securities from an opening price of \$0.22 on 21 July 2020 to a closing price of \$0.285 on 22 July 2020 on higher than average volumes.
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX 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.
- G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- It would be a breach of a law to disclose the information;*
 - The information concerns an incomplete proposal or negotiation;*
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - The information is generated for the internal management purposes of the entity; or*
 - The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed."*
- I. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:
- "Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Request for information

Having regard to the above, ASX asks MTC to respond separately to each of the following questions and requests for information:

1. Does MTC consider the information in the BCC Announcement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

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2. If the answer to question 1 is “no”, please advise the basis for that view.
 3. Please confirm the following:
 - 3.1 When did MTC commence the Bookbuild?
 - 3.2 What prompted MTC to commence the Bookbuild at the time specified in response to question 3.1?
 - 3.3 When did MTC become aware that the Bookbuild was complete?
 4. If MTC was aware of any of the information referred to in question 3 above prior to 17 July 2020, being the date of the MTC Price Query Response, please explain why that information was not disclosed in the MTC Price Query Response.
 5. If MTC first became aware of the information in the BCC Announcement, or any part thereof, before 21 July 2020 (being the date that the BCC Announcement was released on MAP), did MTC make any announcement prior to the relevant date which disclosed that information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MTC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MTC took to ensure that the information was released promptly and without delay.
 6. Does MTC consider the information in the Drilling Commencement Announcement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 7. If the answer to question 6 is “no”, please advise the basis for that view.
 8. Please confirm the following:
 - 8.1 When did MTC decide the date that underground diamond drilling would commence at Sturec?
 - 8.2 When did MTC become aware that the drill rig had been mobilised to site at Sturec?
 - 8.3 When did MTC decide or agree to:
 - 8.3.1 undertake the Scoping Study; and
 - 8.3.2 accelerate the completion of the Scoping Study?
 - 8.4 When did MTC commence the extraction of ore from the Andrej Adit to ship to Australia for bulk metallurgical testing?
 9. If MTC was aware of any of the information referred to in paragraph 8 prior to 17 July 2020, being the date of the MTC Price Query Response, please explain why that information was not disclosed in the MTC Price Query Response.
 10. If MTC first became aware of the information referred to in paragraph 8 above, or any part thereof, before 23 July 2020 (being the date that the Drilling Commencement Announcement was released on MAP), did MTC make any announcement prior to the relevant date which disclosed that information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MTC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MTC took to ensure that the information was released promptly and without delay.
 11. Further to question 8.4, please clarify what activities were conducted by MTC to extract the ore from the Andrej Adit and what quantity of ore was extracted for this purpose.
 12. Please clarify what is meant in the Drilling Commencement Announcement by “MTC hopes to be “deal ready” in 2021 or sooner”.

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13. Please confirm that MTC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
14. Please confirm that MTC'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 MTC 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10 AM AWST Monday, 27 July 2020**. 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, MTC'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 and may require MTC to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@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.

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 MTC's securities under Listing Rule 17.1. If you wish 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*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in MTC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MTC'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 MTC'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.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Chris Hesford
Geologist, Listings Compliance (Perth)