

# QUARTERLY ACTIVITIES REPORT

*For the quarter ended 30 June 2016*

## BASE METAL PROJECTS, WESTERN AUSTRALIA

Metals Australia holds an interest in two base metal projects in Western Australia (Figure 1).

The Manindi zinc-copper project is located around 500 km northeast of Perth, and is being explored by Metals with a view to expanding the existing resources and examining the project's potential.

The Sherlock Bay base metal joint venture project is located in the Pilbara region and is being managed and explored by Australasian Resources Ltd (ARH). The project surrounds ARH's Sherlock Bay nickel deposit.

### MANINDI ZINC PROJECT

The Manindi Project is a significant unmined zinc deposit located in the Murchison District of Western Australia, 20 km southwest of the Youanmi gold mine. The project is located on three granted mining licences.

The Manindi base metal deposit is considered to be a volcanogenic massive sulphide (VMS) zinc deposit, comprising a series of lenses of zinc-dominated mineralisation that have been folded, sheared, faulted, and possibly intruded by later dolerite and gabbro. The style of mineralisation is similar to other base metal sulphide deposits in the Yilgarn Craton, particularly Golden Grove at Yalgoo to the west of Manindi, and Teutonic Bore-Jaguar in the Eastern Goldfields.

### JORC 2012 MINERAL RESOURCE ESTIMATE

Earlier work by Metals resulted in an upgrade of the mineral resource to JORC 2012 standard as follows:



**Figure 1** – Location of the Western Australian base metals projects.

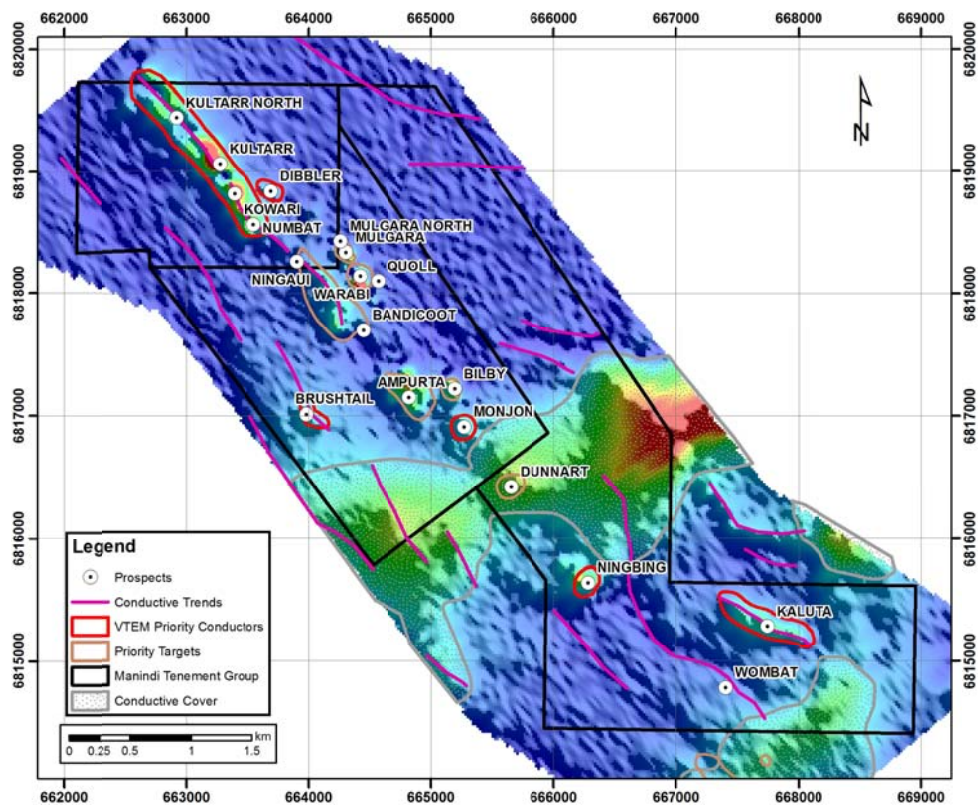
**Table 1** - Manindi JORC 2012 Mineral Resource Estimate.

Category	Resources		Metal Grade			Contained Metal		
	Cut off (Zn%)	Tonnage (t)	Zinc (%)	Copper (%)	Silver (g/t)	Zinc (t)	Copper (t)	Silver (oz)
Measured	0.5	48,785	8.20	0.34	7.22	3,999	166	11,320
Indicated	0.5	172,347	6.26	0.28	4.30	10,781	483	23,805
Inferred	0.5	1,447,039	4.27	0.22	2.77	61,774	3126	128,795
<b>Total</b>	<b>0.5</b>	<b>1,668,172</b>	<b>4.59</b>	<b>0.23</b>	<b>3.06</b>	<b>76,553</b>	<b>3775</b>	<b>163,920</b>
Measured	2.0	37,697	10.22	0.39	6.24	3,855	149	7,565
Indicated	2.0	131,472	7.84	0.32	4.60	10,309	421	19,439
Inferred	2.0	906,690	6.17	0.25	2.86	55,939	2267	83,316
<b>Total</b>	<b>2.0</b>	<b>1,075,859</b>	<b>6.52</b>	<b>0.26</b>	<b>3.19</b>	<b>70,102</b>	<b>2837</b>	<b>110,321</b>

Note figures may not add up precisely due to rounding.

## EXPLORATION TARGETS

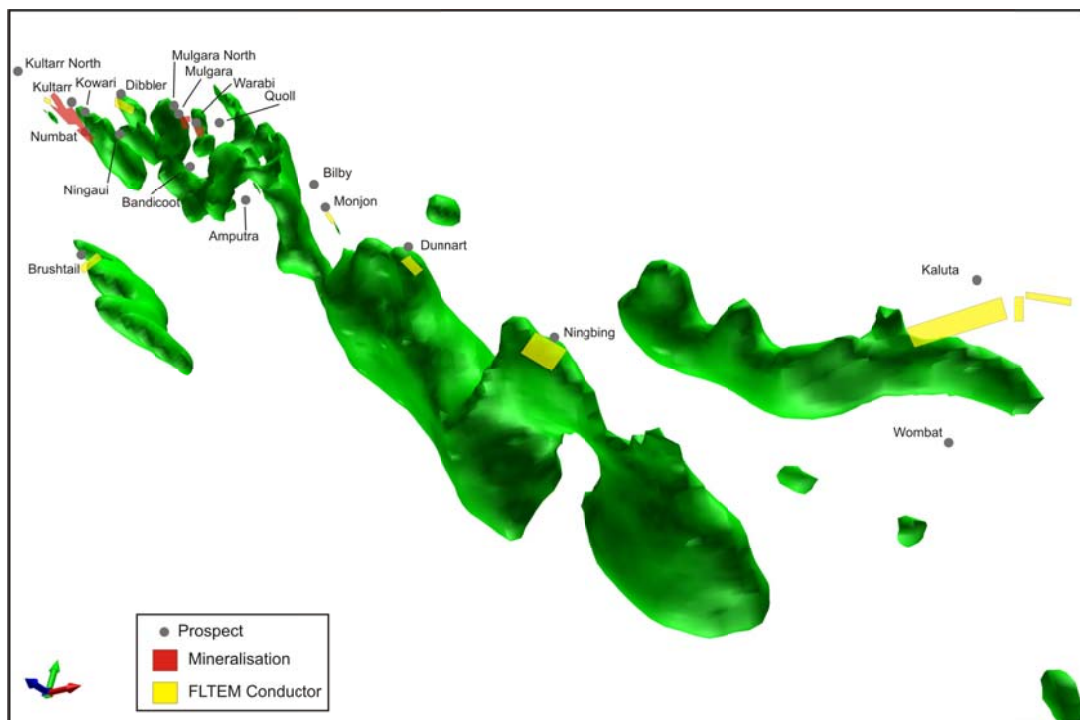
A detailed exploration targeting exercise was completed in 2015. The aim was to identify potential opportunities to discover additional mineralisation. Any increase to the mineral resource estimate at Manindi has the potential to improve the project economics.



**Figure 2** - Manindi VTEM imagery and target map showing highest priority targets in red polygons, other targets in beige polygons, conductive trends in pink lines and areas of conductive overburden in grey hatching

The high priority targets in order of ranking (with the highest ranking on top) are as follows:

1. Kaluta (greenfields)
2. Kultarr Deeps and Kultarr North (resource extension)
3. Kowari Deeps (resource extension)
4. Dibbler (greenfields)
5. Brushtail (greenfields)
6. Ningbing (greenfields)
7. Monjon (greenfields)



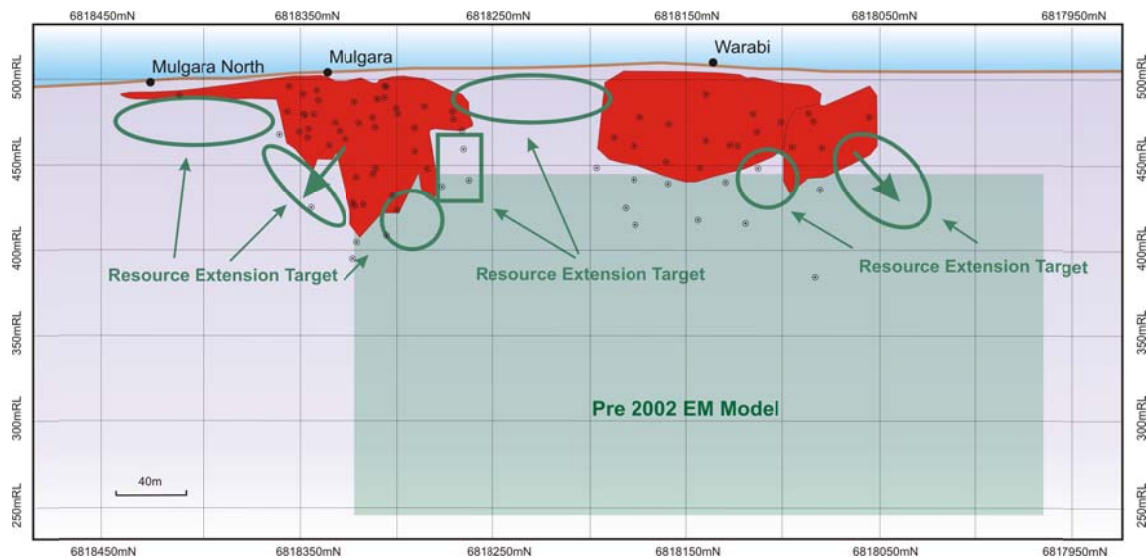
**Figure 3** - 3D oblique view showing 3D magnetic inversion models in green with mineralisation wireframes in black and FLTEM conductor models in yellow. Note the favourable positions of the highest priority EM conductor models.

#### 1. Other targets

There are several other lower ranking targets at Manindi with the potential to add to the mineral resource. These include:

- Mulgara/Warabi: Resource extension opportunities. Pre 2002 EM models extend to at least 150m below deepest drilling at Warabi.
- Ningau/Bandicoot: Large EM conductor, only partially tested by drilling. This target needs more systematic drilling on an optimised grid direction.
- Ampurta: Medium to large EM conductor only partially tested by drilling. Historic drilling is not systematic and copper grades reach up to 0.8% in places. This target needs further systematic drilling.

- Dunnart: Small untested EM conductor on the Manindi magnetic trend. The anomaly is located beneath conductive overburden so it could be larger than EM modelling indicates.
- Bilby: Small EM conductor intersected near its edge at a low angle by a single drillhole. No significant mineralisation intersected, but anomalous copper up to 486ppm in the drillhole.



**Figure 4** - Long section of Warabi and Mulgara showing areas for potential resource extensions and the Pre 2002 TEM conductor target. Drillhole pierce points are shown in black dots. Note some holes appear more than once as they intersect multiple discrete mineralised horizons

### WORK COMPLETED

Geological and economic assessment of the Manindi project continued during the quarter. The Company also actively searched for new project opportunities.

## SHERLOCK BAY EXTENDED BASE METAL PROJECT

The Sherlock Bay Extended project is composed of two Exploration Licences (E47/1769 and E47/1770), which surround the main Sherlock Bay nickel deposit (wholly owned by Australasian Resources Ltd - 'ARH'). The project is prospective for nickel, copper, silver and gold mineralisation.

The Sherlock Extended Project is a joint venture between ARH and Metals Australia Ltd (30% interest). ARH is the manager of the project, with Metals Australia being 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

No onsite activity took place on the Sherlock Bay Nickel or Sherlock Extended projects during the quarter.



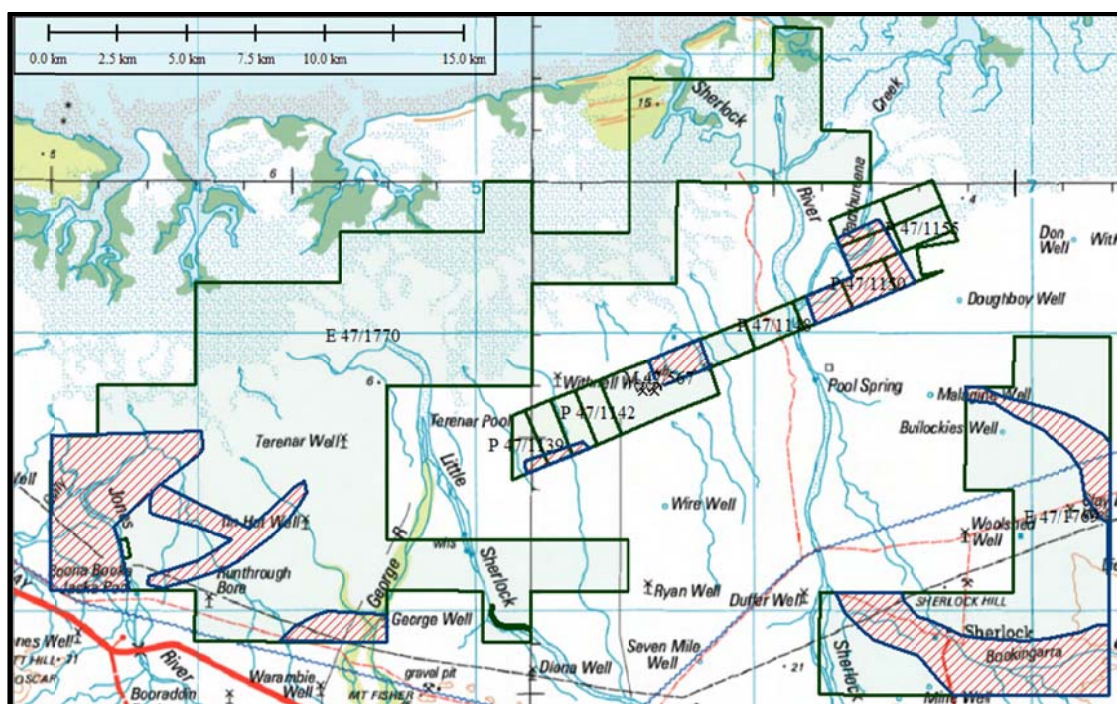


Figure 2 - Areas of exploratory interest set against 1:250,000 topography data

## URANIUM EXPLORATION NAMIBIA

Metals owns 100% of the Mile 72 uranium project, located near Henties Bay on the west coast of Namibia. The project is considered prospective for calcrete and gypcrete hosted uranium as well as alaskite hosted uranium.

Geological and economic assessment of the project continued during the year.

## MINERAL AND EXPLORATION LICENCES

Country	State/ Region	Project	Tenement ID	Area km <sup>2</sup>	Grant Date	Expiry Date	Interest %	Company
Namibia		Mile 72	EPL 3308	73	19/05/2005	17/5/2015	100	Metals Namibia (Pty) Ltd
Australia	WA	Manindi	M57/227	4.64	3/09/1992	2/09/2034	80	Karrilea Holdings Pty Ltd
			M57/240	3.15	10/11/1993	9/11/2035	80	
			M57/533	8.01	17/01/2008	16/01/2029	80	
Australia	WA	Sherlock Bay	E47/1769	76.7	7/09/2009	Pending	30	Metals Australia Ltd
			E47/1770	223	7/09/2009	Pending	30	

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**Competent Person Declaration**

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Luke Marshall, who is a full time employee of Golden Deeps Limited, a consultant to Metals Australia Ltd, and a member of The Australasian Institute of Geoscientists. Mr Marshall has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Marshall consents to the inclusion in the report of the matters based on his 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.

**Forward-Looking Statements**

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.