ASX Announcement

27 October 2016

Metals Australia Identifies Historic Exploration Drill Holes at the Newly Acquired Lac La Motte Lithium Project

Highlights:

- **MLS has identified three historic (circa 1954) widely spaced shallow exploration drill holes at the newly acquired Lac La Motte lithium project, located in Quebec (Canada)**
- **Two of these drill holes, which were targeting uranium, included the following results for lithium:**
    - **Hole 11 which was drilled to a total depth of 58m intersected 0.64m @ 0.67% Li_2O (from 17.98m to 18.62m)**
    - **Hole 13 which was drilled to a total depth of 45m intersected 0.49m @ 1.05% Li_2O**
- **The third drill hole (Hole 12) located on the Lac La Motte lithium project, also targeting uranium, logged pegmatite in two intervals however, the samples were not assayed**
- **These shallow drill holes confirm the continuity of lithium mineralisation onto the licence boundaries of the Lac La Motte lithium project**
- **This is very significant as it confirms that additional mineralised lithium zones have been identified on the Lac La Motte lithium project. It also provides clear guidance for a follow-up exploration program**
- **The drill holes mentioned above were drilled into spodumene bearing dykes along strike of the Lac La Motte and Lacorne lithium deposits**
- **MLS intends to undertake more detailed geological mapping and geophysical surveys to outline further mineralised zones, then follow this with a drilling campaign on the more prospective targets**
- **Global lithium markets remain buoyant. Morgan Stanley Research believe that EV battery-driven supply tightness combined with elevated China spot pricing is set to boost contract pricing through 2018 to approximately US$8,500/t for battery-grade lithium carbonate**
- **MLS is continuing to evaluate further exploration project opportunities in the lithium and graphite space**

Diversified technologically-aligned metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to provide an update on the recently announced acquisition of Quebec Lithium Limited (**QLL**), the 100% owner of the Lac Rainy Nord graphite project and each of the Lac La Motte, Lac La Corne and Lacourciere-Darveau lithium projects located in Quebec, Canada.

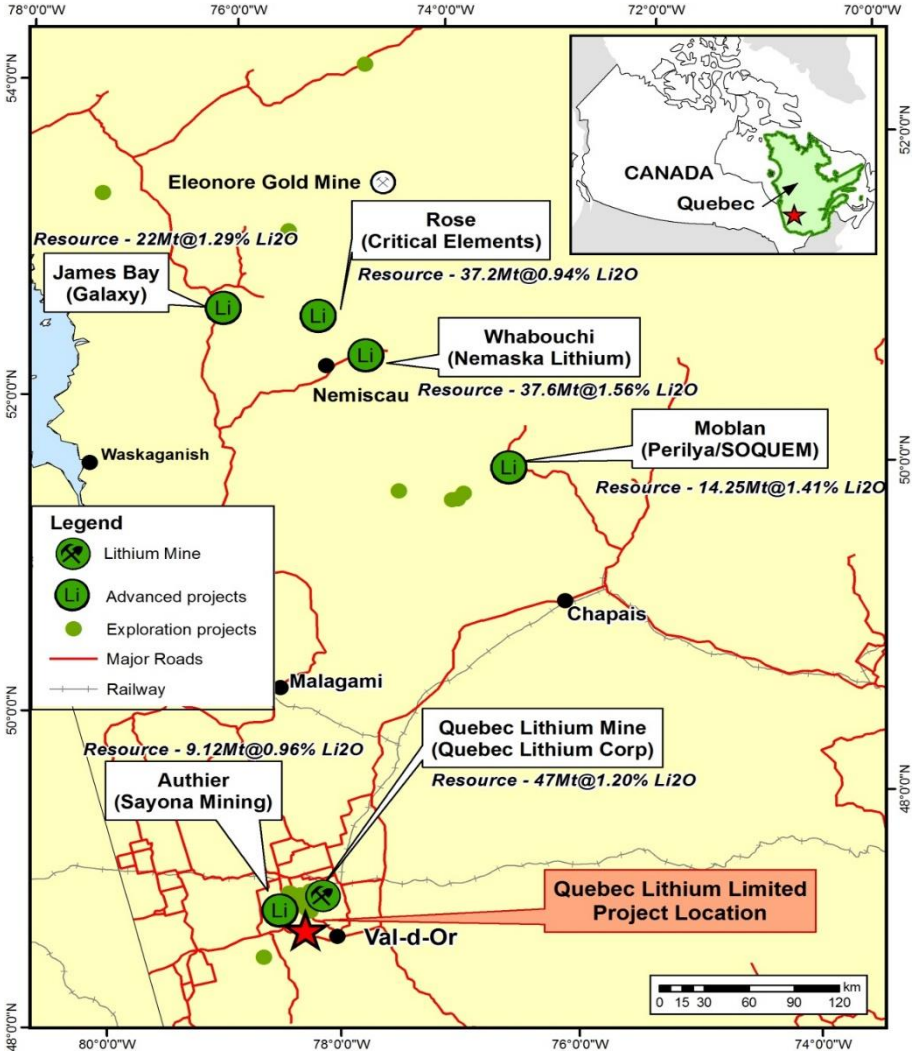

Figure 1. Lithium Project Location Map

Chairman of MLS, Mr Solomon Majteles commented on the historical drilling at Lac La Motte, stating:

"Together with QLL we have identified an additional zone of mineralisation at the Lac La Motte lithium project. MLS now plans to undertake further assessment of the high priority targets before embarking upon an immediate drilling campaign. Lac La Motte presents MLS with a great opportunity to take advantage of the burgeoning lithium market fuelled by the growth of the electric vehicle sector and the developing mass grid electricity storage sector."

Historical Shallow Exploration Drill Holes at Lac La Motte Lithium Project

In collaboration with the geological consultants from QLL, MLS has identified three historical widely spaced shallow exploration diamond drill holes located on the Lac La Motte lithium project.

These exploration drill holes were completed by Goyette Drilling Company (**Goyette**) in November 1954 in a shallow exploration program, which was designed to test for broad uranium mineralisation within the Lac La Motte region.

All three exploration diamond drill holes were drilled in different directions from one drill set-up with each of the diamond drill holes intercepting lithium-bearing pegmatites.

The closest known diamond drill holes on strike are more than 2 kilometres to the west and 1 kilometre to the east of these three historical drill holes. Another cluster of three drill holes, drilled 600 metres away to the south on an adjacent property, also intercepted pegmatites with lithium grading up to 1.65% Li_2O over 1.52 metres. Furthermore, the closest recorded outcrops are more than 600 metres from the 3 historical drill holes, to the southeast.

Little follow up exploration took place as a direct result of the limited use and applications for lithium during that time.

Aside from the focus being on mapping uranium mineralisation, another limiting factor of the shallow drill program was the ability to keep the equipment from freezing with Goyette electing not to mobilise heating equipment. This meant that drilling was completed quickly with little time in the field for further analysis and subsequent planning.

This provides MLS with an outstanding opportunity from which to leverage its own exploration drilling campaigns. This historical drilling demonstrates the extensions of the known lithium mineralisation and potential that exists at the Lac La Motte lithium project.

A review of the design and execution of the drilling program by project geologists has further revealed that Hole 11, Hole 12 and Hole 13 were drilled at angles into the pegmatite structures which has resulted in the drill holes materially missing the mineralised zones or only touching the tip of the spodumene mineralisation. It is believed that a series of vertical-direction drill holes will provide a more accurate understanding of the true mineralised zones.

The sub-optimal execution of the historical drilling can be used to the advantage of MLS given that the location of the historical drill holes has been identified allowing MLS to implement a more sophisticated drill campaign with the use of modern equipment.

The three historical diamond drill holes, which were targeting uranium mineralisation, included the following results for lithium:

- **Hole 11** was drilled towards the southwest (-45 degrees at the collar) and to a total depth of 58m. Pegmatite was logged in three intervals, however assays are recorded for just one interval.
    - **Hole 11** intersected 0.64m @ 0.67% Li_2O (from 17.98m to 18.62m)
      (refer to Appendix A for the full drill log).

- **Hole 12** was drilled vertically to a depth of 44.8 metres. Pegmatite was logged in two intervals, however assays are not provided in the logs
  (refer to Appendix B for the full drill log).

- **Hole 13** was drilled towards the northwest (-40 degrees at the collar) and to a total depth of 45m. Pegmatite was logged in two intervals, with the longest interval of pegmatite being 1.65 metres (from 22.25 metres to 23.9 metres).
    - **Hole 13** only recorded assays over a shorter interval within the larger interval of 1.65 metres recording an intersection of 0.49m @ 1.05% Li_2O
      (refer to Appendix C for the full drill log).

The borders of the Lac La Motte lithium project are 860 metres to the west of the three historical diamond drill holes, 430 metres to the south, and 350 metres to the east. These large distances provide an area of several hundred hectares for follow-up drilling.

Furthermore, the project licence boundary to the west of the three historical diamond drill holes will be pushed an additional 1.2 kilometres to the west once two other pending claim applications have been processed.

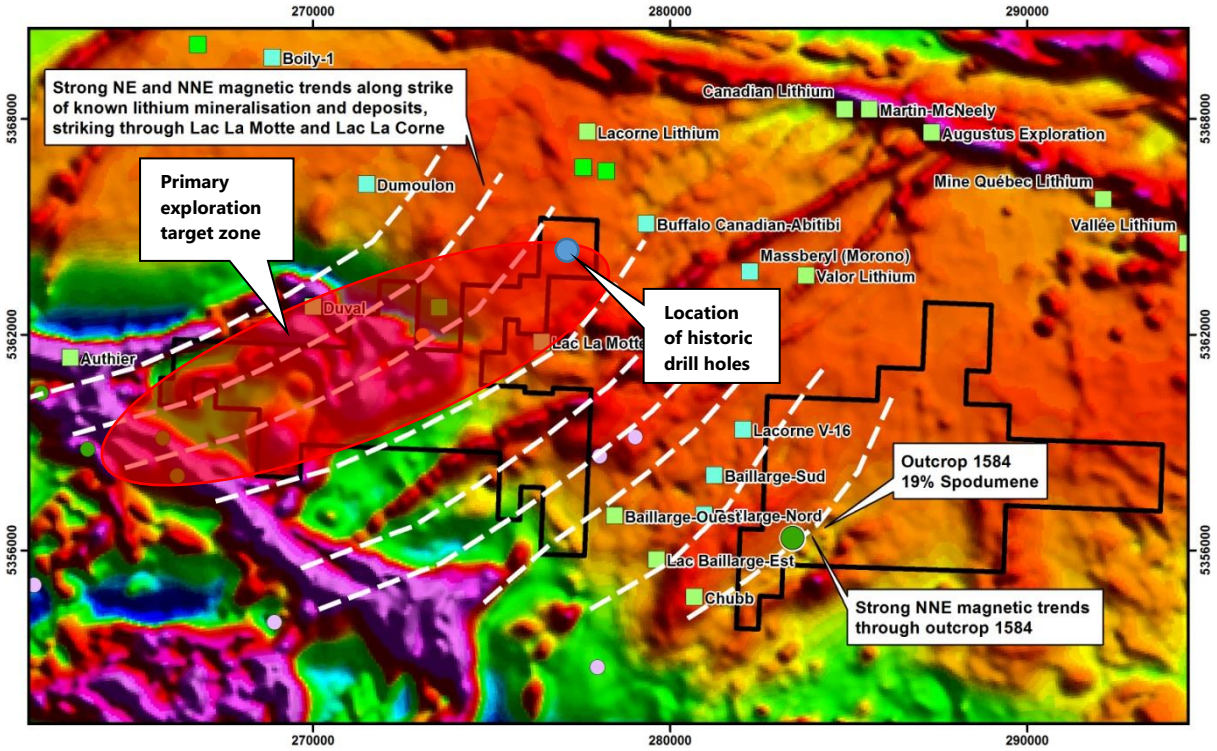

Figure 2. EM Survey at Lac La Motte Lithium Project. Blue dot illustrates location of historic drilling

These shallow drill holes confirm the continuity of lithium mineralisation onto the licence boundaries of the Lac La Motte lithium project currently being acquired by MLS. These spodumene bearing mineralised dykes appear to be along strike of the Lac La Motte and Lacorne lithium deposits.

This is very significant as it confirms that additional mineralised lithium zones have been identified on the Lac La Motte lithium project. It also provides clear guidance for a follow-up exploration program.

Figure 2 (above) illustrates the magnetic signatures associated with the Lac La Motte lithium project with the location of the historical drilling being identified by the blue dot. Whilst the historical drilling is considered to be slightly away from the main geological trend, it is along a magnetic ridge which demonstrates the extension of the lithium mineralisation.

The initial focus of MLS, from the perspective of a primary exploration zone, is around the magnetic highs associated with the Duval and Authier lithium deposits. The identification of these shallow historical drill holes has confirmed the extension of the lithium mineralisation, providing a secondary target for MLS to design and execute a further exploration program.

This presents a unique opportunity for MLS to commence an immediate exploration program focused on the detailed structural geological features that exist at the project. A comprehensive

mapping and sampling program has already been designed, with a maiden drill campaign to commence as soon as the results from the phase 1 program are known.

The Lac La Motte Lithium Project

The Lac La Motte lithium project is located in the Abitibi Greenstone Belt of Quebec approximately 25 kilometres northwest of the historic mining town of Val d'Or and 400 km northwest of Montreal.

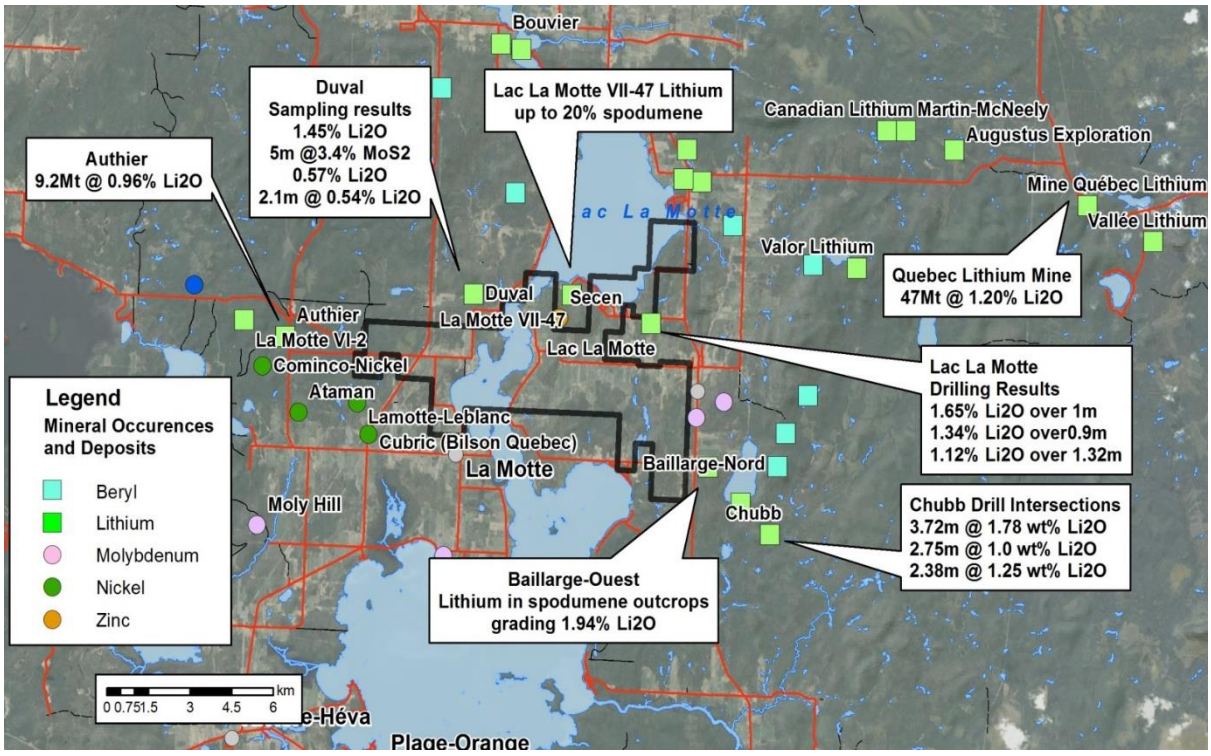

Figure 3. Lac La Motte Project Location. Green squares represent lithium deposits. See also Figure 2 showing pegmatite trends and magnetic imagery

The Lac La Motte project consists of a contiguous landholding of 64 mineral claims and 25 mineral claim applications covering an area of approximately 49.4 km^2. Access to the Lac La Motte project from Val d'Or is easily gained via paved Highway 111 and several all-weather gravel roads. Figure 3 shows the location of the Lac La Motte project, the key infrastructure, and the known lithium occurrences surrounding the project.

The Lac La Motte lithium project represents a significant landholding surrounded by known lithium deposits and occurrences, as well as known beryl occurrences. The lithium mineralisation at the Lac La Motte project is contained in north-east and east-west trends. The Lac La Motte project is targeting spodumene-bearing rare metal LCT pegmatite dyke complexes.

Within the Lac La Motte project, numerous LCT pegmatites hosting spodumene varying from 1.6m to 6m in width exist which intrude diorites, monzonites and metasediments of the Caste Group that are in contact with the basalts of the Lower Malartic Group. The lithium mineralisation occurs mainly in medium to large spodumene crystals.

The La Motte lithium occurrence, which is located within metres of the Lac La Motte project licence boundaries, has exhibited strong lithium mineralisation where previous drill hole intercepts highlighted high grade lithium mineralisation of 1.65% Li_2O over 1.0 m (drill hole No. 16, Quebec Government file report GM 03089), 1.34% Li_2O over 0.9 m (drill hole No. 15) and 1.12% Li_2O over 1.32 m (drill hole No. 14).

Exploration and historical drilling on the Lac La Motte project took place on the edges of the volcanics and ultramafics and focused on the gold, zinc, nickel and copper potential, with little exploration directed at lithium. Extensive mapped outcrops of LCT pegmatite hosting beryl exist on the Lac La Motte project.

The Lac La Motte project contains numerous Li (spodumene) ±Ta (tantalite) ±Be (beryllium) mineralised occurrences which have been investigated only sporadically by junior mining companies with various geophysical, geochemical and geological tools from the early 1950s until the present day.

Buoyant Outlook for Lithium Markets and Pricing

Global lithium markets remain buoyant with Morgan Stanley Research providing encouraging pricing forecasts citing that EV battery-driven supply tightness combined with elevated China spot pricing is set to boost contract pricing through 2018 to approximately US$8,500/t for battery-grade lithium carbonate.

MLS is continuing to evaluate further exploration project opportunities in the lithium and graphite sectors.

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Competent Person Statement

Mr Glenn S Griesbach, PGeo, a qualified person under NI 43-101, has reviewed and verified the technical information provided in this announcement. Any information in this announcement that relates to historical resources, resource estimates or exploration results, is based on information compiled by Mr Glenn S Griesbach, PGeo, who is a Member of the Association of Professional Engineers and Geoscientists of Saskatchewan (a Recognised Overseas Professional Organisation ('ROPO') included in a list promulgated by the ASX from time to time). Mr Griesbach is a Consultant Geologist to and a shareholder of Quebec Lithium Limited. Mr Griesbach has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 Resources and Ore Reserves'. Mr Griesbach consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix A: Complete Drill Log for Hole 11

D. D. HOLE No.11

Location: Goyette-Roux Claims
Range VII Lot 57, Lamotte Twp.

Bearing: S 60°W

Dips: At Collar -45°
58m -43°

Meters		Description	Sample Number	Core Length (m)	Li_2O (%)
From (m)	To (m)				
0	1.52	Casing			
1.52	2.13	Pegmatite Pink; feldspar-quartz			
2.13	17.62	Hornblende Granite grey-green to pinkish green; medium grained			
Including					
8.08	**8.20**	**Pink pegmatite**			
17.62	18.89	Pegmatite Coarse white feldspar and quartz			
Including					
17.98	**18.62**	**Spodumene**	**26**	**0.64**	**0.67%**
18.89	55.35	Hornblende Granite as noted between 2.13 m and 17.62 m			
55.35	56.17	Pegmatite coarse white feldspar and quartz			
56.17	60.04	Hornblende Granite as noted between 2.13 m and 17.62 m			
60.04	-	END OF HOLE			

Appendix B: Complete Drill Log for Hole 12

D. D. HOLE No.12

Location: Goyette-Roux Claims
Range VII Lot 57, Lamotte Twp.

Bearing: -

Dips: Vertical

Meters		Description	Sample Number	Core Length (m)	Li_2O (%)
From (m)	To (m)				
0	2.44	Casing			
2.44	2.90	Pegmatite – pink; quartz-feldspar			
2.90	8.38	Hornblende Granite			
8.38	10.15	Diabase very fine-grained; green, chloritic upper contact 30° and lower contact 60° to the core			
10.15	22.49	Hornblende Granite			
22.49	23.65	Pegmatite – pink; quartz-feldspar			
23.65	25.76	Hornblende Granite gneissic			
25.76	38.40	Gabbro medium-grained; uniformly dark green massive; minor sections of quartz-gabbro, mottled, grey-green in colour			
38.40	44.81	Quartz – gabbro medium-grained, mottled, grey-green to more fine grained, dark green			
44.81	-	END OF HOLE			

Appendix C: Complete Drill Log for Hole 13

D. D. HOLE No.13

Location: Goyette-Roux Claims
Range VII Lot 57, Lamotte Twp.

Bearing: N 65°W

Dip: -40°

Meters		Description	Sample Number	Core Length (m)	Li_2O (%)
From (m)	To (m)				
0	2.44	Casing			
2.44	2.56	Pegmatite			
2.56	16	Hornblende Granite grey; medium-grained			
16	20.12	Quartz-gabbro			
20.12	22.25	Hornblende Granite			
22.25	23.9	Pegmatite pink to green; feldspar-quartz			
Including					
23.16	**23.65**	**Spodumene**	**27**	**0.49**	**1.05%**
23.9	45.72	Hornblende Granite as noted between 2.56 m and 22.25 m			
45.72	-	END OF HOLE			

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	No drilling completed to date. Rock samples comprise multiple chips considered to be representative of the horizon or outcrop being sampled. Samples submitted for assay typically weigh 2-3 kg. Continuous channel sampling of trenching ensures the samples are representative. Entire 2-3 kg sample is submitted for sample preparation.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	No drilling completed.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Not applicable.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	All trenches sampled are logged continuously from start to finish with key geological observations recorded. Logging is quantitative, based on visual field estimates.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Sample preparation follows industry best practice standards and is conducted by internationally recognised laboratories, either SGS Laboratories in Lakefield, Ontario or Activation Laboratories Ltd in Val d'Or, Quebec. Oven drying, jaw crushing and pulverising so that 85% passes 75 microns. Blanks have been submitted every 50 samples to ensure there is no cross contamination from sample preparation. Measures taken include (a) systematic sampling across whole pegmatite zone; (b)

Criteria	JORC Code explanation	Commentary
		comparison of actual assays for blanks with theoretical values. Sample size (2-3 kg) accepted as general industry standard.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Assay and laboratory procedures have been selected following a review of techniques provided by internationally certified laboratories. In addition, the sample preparation laboratory in Quebec and Ontario is regularly visited to ensure high standards are being maintained. Samples are submitted for multi-element analysis by Activation Laboratories and SGS Laboratories. Where results exceeded upper detection limits for Li and/or Ta, samples are re-assayed. The final techniques used are total. None used. Barren granitic material is submitted every 50 samples as a control. Comparison of results indicates good levels of accuracy and precision. No external laboratory checks have been used.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	None undertaken. Not applicable. All field data is manually collected, entered into excel spreadsheets, validated and loaded into an Access database. Electronic data is stored in Quebec. Data is exported from Access for processing by a number of different software packages. All electronic data is routinely backed up. No hard copy data is retained. None required.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	All trench start points and geochemical samples are located using a hand held GPS. Trenches are surveyed using hand held compass and clinometer. The grid system used is UTM. However, for reporting purposes and to maintain confidentiality, local coordinates are used for reporting. Nominal RL's based on topographic datasets are used initially, however, these will be updated if DGPS coordinates are collected.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Only reconnaissance trenching and sampling completed – spacing variable and based on outcrop location and degree of exposure. Not applicable. None undertaken.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Sampling completed at right angles to interpreted trend of pegmatite units. None observed.
Sample security	• *The measures taken to ensure sample security.*	Geological team supervises all sampling and subsequent storage in the field. The same geological team delivers the samples to Activation Laboratories or SGS Laboratories and receives an official receipt of delivery.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	None completed.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Metals Australia Limited, via its acquisition of Quebec Lithium Limited, is the 100% owner of the Lac Rainy Nord Graphite Project, the Lac La Motte Lithium Project, the Lac La Corne Lithium Project and the Lacourciere-Darveau Lithium Project pursuant to four separate binding acquisition agreements. There are no other material issues affecting the tenements. Quebec Lithium Limited, a wholly owned subsidiary of Metals Australia, is the 100% of the abovementioned graphite and lithium projects and ownership of the individual CDC claims is currently being transferred to Quebec Lithium Limited. All tenements are in good standing and have been legally validated by a Quebec lawyer specialising in the field.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	No modern exploration has been conducted. Government mapping records multiple lithium bearing pegmatites within the project areas but no other data is available.
Geology	• *Deposit type, geological setting and style of mineralisation.*	**Lacourciere-Darveau Lithium Project** The Property area is primarily underlain by rocks of the Late Archean Pontiac

Criteria	JORC Code explanation	Commentary
		Subprovince. Underlying the majority of the Property is the Decelles Reservoir Batholith, which comprises granite, pegmatite, tonalite, and granodiorite. The northwestern edge region of the Property is underlain by monzodiorites of the Lac Fréchette pluton. Both of these units intrude into wacke, mudrock and schists of the Pontiac group, which strike approximately 255° and dip at 40°. The Pontiac group also locally exhibits basalts and ultramafic rocks, namely in the northeastern portion of the claim block. Amphibolite dikes and ultramafic intrusions have been identified throughout the Lac Fréchette pluton and the rocks of the Pontiac group. (GM 14918) The pegmatite dike at the Wells-Lacourciere occurrence outcrops in a large hill of granite on the west side of the road passing by the occurrence. It strikes 310° and dips steeply to the north. It is traceable along surface for a distance of about 600 metres, while its width varies from 8 to 15 metres. The distribution of the beryl and lithium deposits indicates mineralisation is the result of intrusive LCT pegmatite dykes, where spodumene crystals can reach up to 30cm in length and up to 15cm in diameter. Economic analysis of the lithium and beryllium potential has not yet been undertaken, despite the fact that the Ile du Refuge, Lac Simard and Wells-Lacourciere high-grade lithium deposits are located nearby. The lithium potential of this beryl occurrence and the associated LCT pegmatite outcrop is yet to be determined. The pegmatite has been mapped in a NNE trend and remains open along strike. Tantalum and niobium have been identified in the LCT pegmatite outcrop. **Lac Rainy Nord Graphite Project** The Lac Rainy Nord graphite project is located within 5 km of the following known and explored graphite projects: • Fermont – Site 7 and 9: 15.06% Cg over 1.5 m (sample RX- 5324; Site 7); 11.83% Cg over 1.5 m (sample spline RX- 5328; Site 9); 9.96% Cg over 2.0 m (sample RX- 5332; Site 9); 25.37% Cg (grab samples RX- 5351; Site 9) and 24.69% Cg (grab samples RX- 5353; Site 9). • Fermont – Site 11: 21.58% Cg over 1.5 m (RX- 5339); 11.39% Cg over 1.5 m (sample RX- 5341); 5.57% Cg over 1.5 m (sample RX- 5338); 13.90% Cg (sample RX- 5352). The size of graphite flakes is from 1 to 5 mm. • Fermont – Site 3, 5 and 6: 16.87% Cg (sample RX- 5347); 6.78% Cg (sample RX- 5349 - Site 5); 6.25% Cg (sample RX- 5317 - Site 3); 5.49% Cg to 1.5 m (sample RX – 5323 - Site 6). The size of graphite flakes is from 2 to 8 mm. • Permit 861: 22.27% Cg and 16.68% Cg (sample 2215 and 2214). In this stratigraphic horizon, the content ranges from 5% to 20% graphitic carbon and fine flake.

Criteria	JORC Code explanation	Commentary
		• Lac Knife: 13.19% Cg (sample RX4560); 9.55% Cg over 2.5 m (sample RX4559). Graphite is very coarse flakes. The Lac Rainy Nord graphite project was first discovered in 1989 and has been subject to some exploration over that time, however previous exploration was not conducted in a systematic manner and was focused more on the iron potential of the region which has meant that the true mineralisation and potential of the Lac Rainy Nord graphite project has not been fully established. The Lac Rainy Nord graphite project is contiguous with the Lac Knife Graphite Deposit which is owned by Focus Graphite. The Lac Knife Graphite Deposit hosts a reported Measured and Indicated resource totalling 9,576,000 million tonnes grading 14.77% graphitic carbon together with Inferred resources of 3,102,000 tonnes grading 13.25% graphitic carbon. *(Note: Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves)* The Feasibility Study completed by Met-Chem Canada Inc. (released on 8 August 2014) on the Lac Knife Graphite Deposit indicates that the Lac Knife Graphite Deposit has the potential to become one of the lowest-cost, highest-margin producers of graphite in the world. Refer to http://www.focusgraphite.com/wp-content/uploads/largeReport/Lac-Knife-Feasibility-Study-Technical-Report-August-2014.pdf for further information in relation to the Feasibility Study at the Lac Knife graphite project. Graphite mineralization is set in migmatized biotite-bearing quartz-feldspar gneiss belonging to the Nault Formation of the lower Proterozoic Gagnon Group. According to the Québec Ministry of Natural Resources, where this gneissic unit is sheared, brecciated and silicified, coarse graphite flakes and associated sulphide minerals make up 5% to 10% of the rock, with up to 20% or more in the more brecciated zones. Fuchsite and other iron-rich micas accompany the graphite and sulphide mineralization in the more silicified horizons. **Lac La Motte and Lac La Corne Lithium Projects** The La Corne lithium project consists of two geographically separate but nearby properties referred to as the Lac La Motte and the Lac La Corne properties. The properties are located in the spodumene-rich Preissac-Lacorne plutonic complex -

Criteria	JORC Code explanation	Commentary
		the complex forming one of the best prospective areas for lithium mineralization of the Abitibi Greenstone Belt - near Val d'Or, Quebec. The Quebec Lithium mine, and several other lithium deposits (see set of maps), are located within the Preissac-Lacorne plutonic complex. The Quebec Lithium mine, located in the northeast part of the region, contains reported measured and indicated resources of 29.3 Mt grading 1.19% Li2O and 20.9 Mt of inferred resources grading 1.15% Li2O, respectively, according to a technical report by Canada Lithium filed on Sedar.com on June 8, 2011. The Lac La Motte property lies 25 kilometers northwest of Val d'Or and consists of one block of 100 mineral claims (application and pending application status) totaling approximately 57 km2. The Lac La Corne property lies 20 km north of Val d'Or and consists of one block of 90 claims (application status) covering approximately 52 km2. The region is dominated by quartz monzodiorite and metasomatized quartz diorite (tonalite) of the La Corne plutonic complex. A swarm of spodumene-rich granitic pegmatite dykes intrude fractures and small faults within the plutonic rocks. The pegmatite dykes are as much as 6 m thick and are generally crudely zoned, some having quartz cores and border zones of aplite. The granitic pegmatites are composed of quartz, albite and/or cleavelandite, K-feldspar, muscovite, with up to 5 to 25% spodumene.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	See tables and / or appendices attached to this report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Intercepts are calculated on a per sample basis according to the results from the laboratory with no bottom cut-off grade and no top cut-off grades. Short intervals of high grade that have a material impact on overall intersection are highlighted separately. None reported.
Relationship between mineralisation	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear*	The relationship between true widths and the width of mineralised zones intersected in trenching has not yet been determined due to lack of structural data (i.e. dip).

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	*statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	None included.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Results for all sampling completed are listed in Appendix A attached to the body of this report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All meaningful and material data is reported.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Detailed geochemistry and geology mapping to determine trends of known mineralised zones and to delineate other Li and Ta anomalies. Further trenching to determine structural orientation of pegmatites. Drilling.