

**ASX Release**  
**26 July 2018**



## **MetalsTech To Acquire The Bay Lake North Cobalt Project, Ontario**

MetalsTech Limited (ASX: MTC) (the **Company**, **MTC** or **MetalsTech**) is pleased to announce that it has entered into a binding asset acquisition agreement with gold-focused Tri-Origin Exploration Limited (**Tri- Origin** or **TOE**) to acquire the Bay Lake North Cobalt Project.

The licenses are contiguous with the Company's existing Bay Lake Cobalt project claims, located west of the township of Cobalt in Ontario, Canada (refer Figure 1, below).

### **Highlights**

- Located in the highly prospective cobalt province in Ontario
- 100% acquisition of 10,600+ ha strategic holding triples MTC's cobalt project area
- Two high priority outcropping cobalt targets sampled during due diligence
- Maiden drilling to commence at Bay Lake North mid-August (already permitted) followed by maiden drilling at Bay Lake and Rusty Lake (permit approvals expected August)
- Drilling programs at Bay Lake North, Bay Lake and Rusty Lake cobalt projects fully funded

Bay Lake North (BLN) is located approximately 15 km west of the town of Cobalt and comprises of 51 exploration licenses, covering approximately 10,600 hectares.

The acquisition is consistent with MTC's strategy to establish itself as a dominant land-holder and cobalt explorer in the cobalt-rich jurisdiction of the Cobalt province of Ontario, which boasts a long and positive mining history across multiple valuable metals.

BLN has been the subject of both historic and recent exploration by Tri Origin and others, however previous exploration has focused on base and precious metals. Assaying for cobalt did not occur in previous campaigns.

The project has received no known modern exploration for cobalt despite boasting compelling geology capable of bearing cobalt mineralisation. BLN is underlain by Proterozoic sedimentary rocks and Nipissing diabase sills which are the primary host rocks for cobalt mineralisation in the Cobalt area.

Within BLN there are several small historical pits and shafts that boast traces of visible cobalt on the surface. These historical workings have been recently sampled by the MTC exploration team. Samples were submitted to the laboratory on 21 July 2018 for analysis, with results expected next week.

TOE previously completed aeromagnetic surveys, which has assisted MTC in early assessment and confirmation through preliminary reconnaissance work such as rock chip sampling and mapping. These studies, which were conducted by the Company's Technical Director, formed part of the early term technical due diligence.

The three potential drill targets will be systematically appraised via a combination of soil sampling and detailed geological mapping by the MTC field team in the coming weeks. These targets are considered "walk up" drill targets for the planned program, which will commence during August 2018.

The final drill hole plans across each of the MTC cobalt projects are being completed by the Company and are well progressed.

The proposed BLN drill program will comprise of eight (8) to ten (10) diamond drilling holes for approximately 1,000 - 1,500m at BLN.

The proposed drilling and expected seasonal exploration programs for MTC, are fully funded.



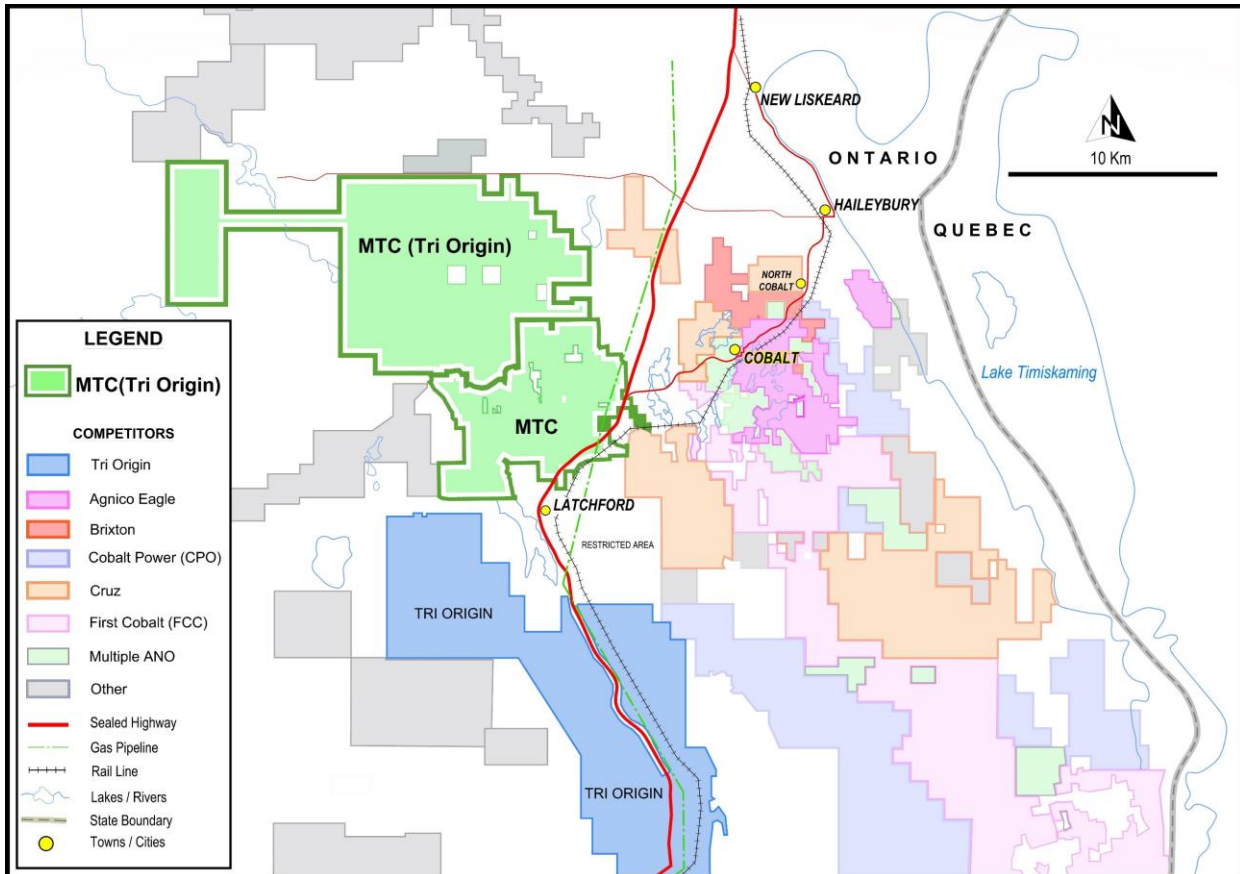
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**Board of Directors**  
Non-Executive Chairman - Russell Moran  
Non Executive Director - Gino D'Anna  
Managing Director - David Riekie  
Company Secretary - Paul Fromson

<b>Projects</b>	
Cancet (Li)	100% owned
Adina (Li)	100% owned
Terre Des Montagnes (Li)	100% owned
Wells-Lacourciere (Li)	100% owned
Kapiwak (Li)	100% owned
Sirmac-Clapier (Li)	100% owned
Bay Lake (Co)	100% owned
Rusty Lake (Co)	100% owned

The strategic nature of the expanded exploration license package is best illustrated using the map below which outlines the proximity and scale of the exploration license land packages of MTC and compared to other regionally significant ASX and TSX explorers.

**Figure 1: Regional overview of selected cobalt explorers in Cobalt Ontario and outline of MTC's new ground holding**



Commenting on the strategic acquisition of the BLN project, Managing Director David Riekie said,

*"We have been focused on expanding our cobalt footprint, based on the prospective geological settings. This has been drawn from our technical team's recent localised field soil sampling programs, ground geophysical orientation surveys and ongoing investigations during our Bay Lake and Rusty Lake exploration programs."*

*We were looking for the right strategic package and Bay Lake North holds that appeal. It has the benefit of prior geophysics, regional significance and hence a lower risk entry point. The deal is structured to be performance and outcome driven. The contiguous nature of the mining claims with our existing Bay Lake project is important and will assist with planning, logistics, costs and optimising the overall utilisation of our team."*

*The exploration thematic of using historical mining activity as a marker will best assist our teams' extensive exploration expertise. Historical mining in the region was focused primarily on silver with the high-grade cobalt used as an indication of the high-grade silver the historic miners were chasing. High-grade cobalt is a feature of the waste dumps around the mining shafts, trenches and adits across our newly expanded ground holdings."*

*BLN is already permitted for drilling, so we are able to be out and drilling targets within a few weeks. Drilling will occur at Bay Lake and Rusty Lake immediately after, taking our near-term exploration plans to an initial 5,000m of drilling across our three cobalt projects."*

*We will provide a more comprehensive update to shareholders, outlining our upcoming exploration field season activities for both our cobalt and lithium projects shortly."*



## Summary: Transaction Terms to acquire Bay Lake North Project from TOE

MTC has entered into a binding acquisition agreement with TOE to acquire 100% of the exploration licenses that comprise the Bay Lake North Cobalt Project, which is subject to satisfaction of the conditions precedent listed below:

- Completion of due diligence on the exploration licenses within 30 days of execution of the agreement; and
- Parties obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law and all third-party approvals, consents and necessary documentation required to lawfully complete the acquisition of the exploration licenses and related matters set out in the agreement.

### Initial consideration

Pursuant to the acquisition agreement, subject to completion of due diligence and satisfaction of the abovementioned conditions precedent, MTC will issue or pay the following initial consideration to TOE:

- a CAD\$10,000 deposit for the purposes of agreeing exclusivity and due diligence parameters;
- a CAD\$90,000 initial payment; and
- the issue of 750,000 fully paid ordinary shares (Shares) on settlement, with such shares being subject to a six-month voluntary escrow period from the date of issue.

### Expenditure Commitment

Pursuant to the acquisition agreement, subject to completion of due diligence and satisfaction of the abovementioned conditions precedent, MTC will commit to the following expenditure:

- MTC will complete a CAD\$300,000 minimum in-ground expenditure in year one; and
- MTC will complete a CAD\$500,000 minimum in-ground expenditure in year two.

### Deferred Consideration

Pursuant to the acquisition agreement, subject to completion of due diligence and satisfaction of the abovementioned conditions precedent, MTC will pay or issue the following deferred consideration to the vendors:

- a cash payment of CAD\$100,000 on that date which is 12 months from the settlement date;
- the issue of 750,000 Shares on that date which is 12 months from the settlement date, with such shares being subject to a six-month voluntary escrow period from the date of issue; and
- the following fully paid ordinary shares in the capital of the Company, which will be issued out of MetalsTech's Listing Rule 7.1 placement capacity:
  - 500,000 Shares on achievement by MetalsTech of a 20-day VWAP greater than 35 cents at any time during the first year following settlement;
  - 500,000 Shares on achievement by MetalsTech of 20-day VWAP greater than 50 cents at any time during the second year following settlement;
  - 750,000 Shares if MetalsTech delineates a 1Mt JORC or NI 43-101 Indicated Resource greater than 0.5% Co equivalent within four years from execution of the agreement; and
  - 1,500,000 Shares if MetalsTech delineates a 2Mt JORC or NI 43-101 Indicated Resource greater than 0.5% Co equivalent within four years from execution of the agreement.

All of these Shares (if issued) will be subject to a six-month voluntary escrow period from the date of issue.





## **Net Smelter Royalty**

Following completion of MTC's first and second year obligations, the Company will grant TOE a net smelter royalty of 1.75% in respect of all metals and minerals produced from the exploration licenses that comprise the Bay Lake North Cobalt Project (NSR). The Company will be granted the right to buy-back part of the NSR and a first and last right of refusal to acquire the remainder of the NSR in certain circumstances.

## **Claw Back of Project Interest**

In the event that the Company does not meet its minimum expenditure requirements or does not issue the consideration Shares (for the avoidance of doubt, this does not apply to the performance bonuses) MTC's interests in the exploration licenses will revert to TOE.

## **ENDS**

### **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.

### **Competent Person Statement**

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Ms Cherie Leeden, who is Technical Director (Canada) and VP Exploration (Cobalt) of the Company. Ms Leeden is a Member of the Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Leeden consents to the inclusion in this report of the matters based on their information in the form and context in which it appears. Ms Cherie Leeden has reviewed the historical exploration results that are contained in this announcement and has validated the source of the historical information. Ms Cherie Leeden is satisfied with its inclusion in the form and context in which it appears in this announcement.

