ASX Announcement

28 November 2017

Rock Sampling Results from Lac la Corne Lithium Project, Quebec, Canada

Highlights:

- **Assay results received for initial reconnaissance rock grab and channel sampling recently completed at the Lac la Corne Lithium Project**
- **Identification and mapping of pegmatite exposures was also completed**
- **Anomalous lithium up to 635 ppm Li_2O identified, along with encouraging lithogeochemical indicators, such as elevated Rb and Ta values**
- **Sampling indicates potential for spodumene-bearing pegmatites within the project area, with only a small portion of the property assessed**
- **Lac la Corne Project is located in a prospective region with numerous known lithium deposits and occurrences hosted by spodumene-bearing pegmatites in the vicinity**
- **More detailed mapping program to be planned for the 2018 summer field season**

Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce the results of the initial field exploration program at the Lac La Corne Lithium Project, located in Quebec, Canada.

A limited program of rock and channel sampling was recently completed at the Lac la Corne Project, along with regional mapping and identification of pegmatite dykes in the project areas. This initial program of sampling has identified anomalous lithium mineralisation up to 635 ppm Li_2O and positive lithogeochemical indicators such as anomalous rubidium and tantalum.

The global focus on renewable energy and the associated adoption of lithium-ion batteries as an energy storage medium has meant that the immediate inputs required for the manufacture of the lithium-ion battery are gaining significant attention with both investors and mineral exploration companies. MLS is positioning itself in Canada to be at the forefront of this transformational technological revolution.

Commenting on the rock sampling results at Lac la Corne, Mr Gino D'Anna, a Director of MLS stated:

> *"This modest initial program of sampling has successfully established regional potential for lithium-bearing pegmatites at the Lac la Corne Project. A more detailed mapping program is now being considered for the 2018 summer field season and in the meantime the Company will continue to focus on its near-surface, high grade graphite project at Lac Rainy where drilling is planned to commence during the northern winter in Quebec."*

Lac la Corne Lithium Project

The Lac la Corne Lithium Project is located approximately 20 km north of the historic mining town of Val d'Or and 400 km northwest of Montreal (Figure 1). The project comprises a contiguous landholding of 87 mineral claims totalling approximately 49.8 km^2. Access from Val d'Or is via paved Highway 111 and a number of all-weather gravel roads. The project is located close to the Lac la Motte and Lacourciere-Darveau Lithium Projects that are also held by MLS.

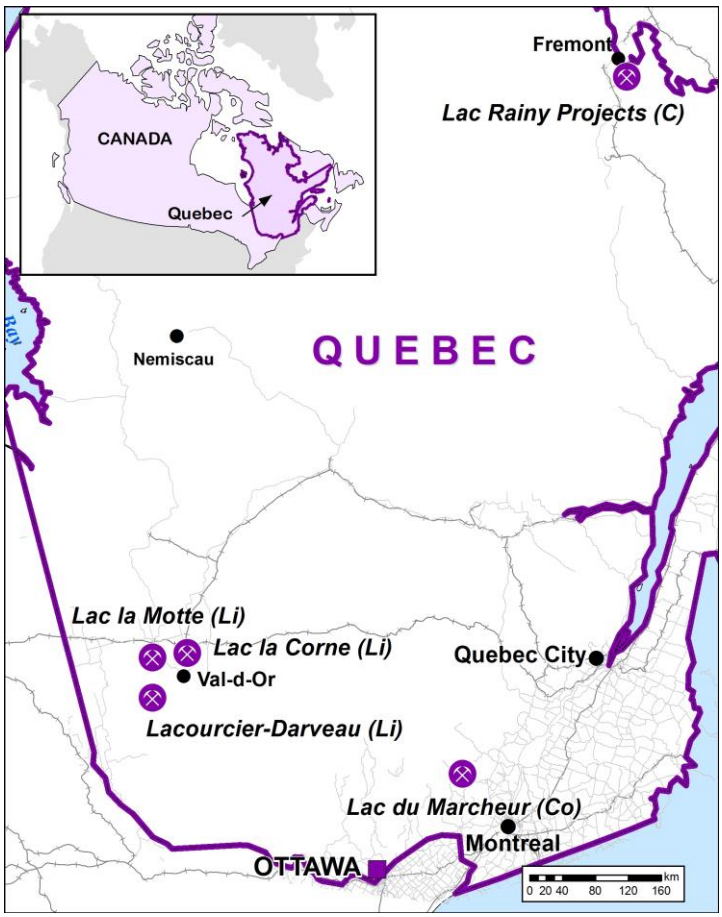

Figure 1: Location of the Lac la Corne Lithium Project and other MLS projects in Quebec, Canada

The Project represents a significant landholding in a region prospective for Lithium-Caesium-Tantalum (LCT) type pegmatite dyke complexes and the Company is targeting spodumene and rare metal-bearing pegmatites that occur within tight north-north-east trending zones. The Project area is surrounded by known lithium deposits and occurrences, as well as beryl occurrences.

Geologically, the region is dominated by quartz monzodiorite intrusions 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 LCT pegmatite dykes are as much as 6m thick and are generally crudely zoned, some having quartz cores and border zones of aplite. The granitic LCT pegmatites are composed of quartz, albite and/or cleavelandite, K-feldspar, muscovite, with spodumene locally in high concentration.

Rock Sampling Results at Lac la Corne Project

In October 2017, the Company completed a rock grab and channel sampling campaign and geological reconnaissance program at the Lac la Corne Lithium Project. Dahrouge Geological Consulting Ltd. were engaged to undertake the sampling and mapping work in Quebec.

A total of 22 rock samples were collected during the reconnaissance program, including 5 grab samples from rock outcrops, 5 grab samples from boulders and 12 channel samples from surface pegmatite exposures. Sampling locations are shown on Figure 2 and details are provided in Appendix A.

The best assay result from the sampling was from sample number 122906, which contained anomalous lithium mineralisation of 295 ppm Li (635 ppm Li_2O), well above the regional background values of 20-50 ppm Li. There is also some favourable indicator lithogeochemistry, with high Rb in most samples. Assay results are provided in Appendix B.

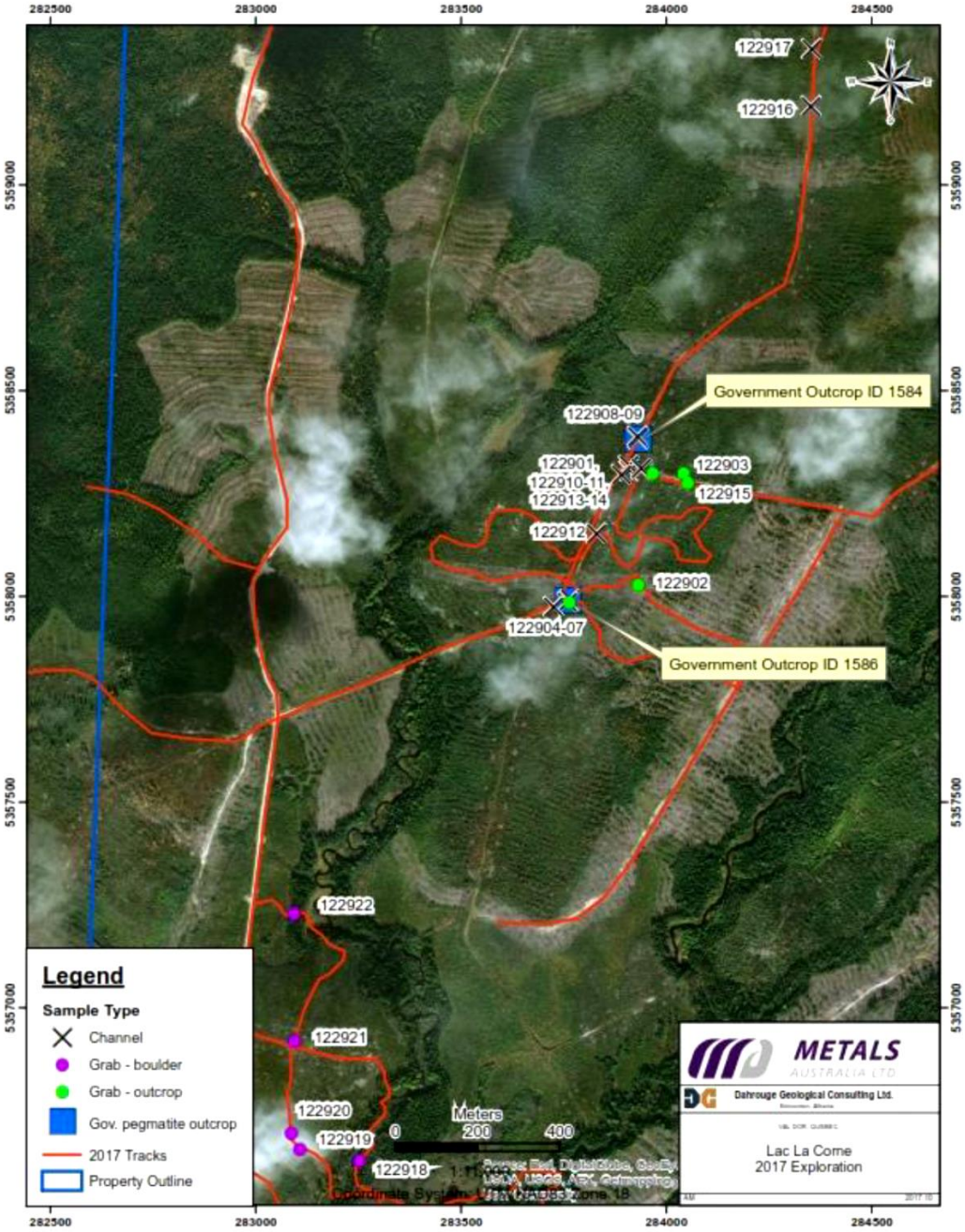

Figure 2: Location of rock and channel samples from the recent reconnaissance mapping and sampling program at the Lac la Corne Project

Regional Prospectivity for Lithium at the Lac la Corne Project

Located less than 2 km west of the Lac la Corne project is the Chubb Lithium occurrence which is currently owned by Great Thunder Gold Corporation. The best drill intersection results were 1.68% Li_2O over 3.72 m (hole L-94-1), 1.25% Li_2O over 2.38 m (hole L-93-3) and 1.06% Li_2O/0.61 m (hole L-94-4).

Government sponsored mapping in 2015 (report CG-32C05A-2015-01) identified two outcrops with spodumene mineralization on the current Lac la Corne Property. In both cases, the host rock is a white to green tonalite, and the narrow pegmatite dykes are oriented in a NNW direction.

Government sponsored regional stream sediment sampling of the La Corne region has identified a cluster of anomalous (27 to 38 ppm Li) samples within the western portion of the Lac la Corne Property.

Discussion of Results

The Lac la Corne Lithium Project is considered to be located in a regionally prospective location but the area has had limited detailed exploration. These preliminary rock sampling results have successfully demonstrated the potential within the project for lithium-bearing pegmatites within the claims.

Further work is now required to identify areas of higher grade and to continue to surface map the pegmatites in the area. A more detailed mapping and sampling program is currently being considered for the 2018 summer field season.

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Competent Person Statement

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves, as applicable, is based on information compiled by Mr. Darren L. Smith, P. Geol., a Competent Person who is a Professional Geologist registered with L'Ordre des géologues du Québec, in Canada. Mr. Darren L. Smith, P.Geol, is an employee of Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, Metals Australia Limited. Mr. Darren L. Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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. Darren L Smith consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix A: Rock Sample Details

Sample ID	Date Collected	Easting	Northing	Sample Type	Channel Length (cm)	Rock Type	Dyke Trend
122901	14/10/2017	283909	5358307	Channel	42	Pegmatite	165°
122902	15/10/2017	283931	5358029	Grab - outcrop	-	Pegmatite	-
122903	15/10/2017	284041	5358298	Grab - outcrop	-	Pegmatite	-
122904	16/10/2017	283765	5357993	Channel	91	Pegmatite	148°
122905	16/10/2017	283759	5357987	Channel	82	Pegmatite	148°
122906	16/10/2017	283762	5357986	Grab - outcrop	-	Granodiorite	-
122907	16/10/2017	283725	5357976	Channel	33	Pegmatite	152°
122908	16/10/2017	283931	5358384	Channel	45	Pegmatite	156°
122909	16/10/2017	283929	5358390	Channel	92	Pegmatite	156°
122910	16/10/2017	283908	5358319	Channel	55	Pegmatite	165°
122911	16/10/2017	283890	5358297	Channel	38	Pegmatite	160°
122912	16/10/2017	283829	5358154	Channel	58	Pegmatite	-
122913	17/10/2017	283938	5358310	Channel	92	Pegmatite	-
122914	17/10/2017	283966	5358298	Grab - outcrop	-	Pegmatite	-
122915	17/10/2017	284051	5358275	Grab - outcrop	-	Pegmatite	-
122916	18/10/2017	284352	5359193	Channel	73	Pegmatite	108°
122917	18/10/2017	284353	5359332	Channel	60	Pegmatite	125°
122918	18/10/2017	283252	5356628	Grab - boulder	-	Pegmatite	-
122919	19/10/2017	283106	5356656	Grab - boulder	-	Pegmatite	-
122920	19/10/2017	283086	5356694	Grab - boulder	-	Pegmatite	-
122921	19/10/2017	283095	5356919	Grab - boulder	-	Pegmatite	-
122922	19/10/2017	283093	5357228	Grab - boulder	-	Pegmatite	-

Sample location coordinates shown in NAD83 datum, UTM grid, Zone 18 N.

Appendix B: Rock Sample Assay Results

Sample ID	Li (ppm)	Li_2O (ppm)	Rb (ppm)	Ta (ppm)
122901	19	41	2790	44.5
122902	80	172	822	17.2
122903	14	30	1110	35.5
122904	21	45	1250	31.1
122905	19	41	639	15.7
122906	295	635	242	1.8
122907	12	26	740	23.7
122908	22	47	1810	43.4
122909	16	34	1600	27.1
122910	53	114	1300	48.2
122911	21	45	1290	18.3
122912	8	17	1200	32.2
122913	17	37	1430	55.1
122914	31	67	2100	18.5
122915	13	28	744	36.8
122916	43	93	1450	12.5
122917	46	99	742	29.4
122918	20	43	2030	25.3
122919	65	140	2110	38
122920	29	62	1280	56.6
122921	157	338	967	18
122922	93	200	1700	26.2

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.*	Rock samples from outcops and boulders are comprised of grabs and thus represent point locations defined by a small area typically less than 0.5m^2. A best effort was made to collect as much fresh material as practical and avoid or minimize the inclusion of weathered material in the sample. Hand tools were used to clear the sampling site and remove weathered material as practical before sampling. Channel samples are collected over defined intervals using cuts made with a diamond saw approximately 10cm wide and 10cm deep. Channels are cut perpendicular to the pegmatite dyke being sampled, across its full width as exposed on surface. Channels were cut of the freshest material practical and are considered more representative than the grab samples for that particular location. Samples are considered representative of the site targeted, following best industry practises as described above, with sufficient material collected per sample. Samples submitted for assay typically weigh 2-3 kg or more. Channel samples may be considered more representative than grab samples as more fresh material may be collected, they report an interval and not a point, and are larger samples. Channel samples are typically several times larger in size that grab samples, adding to their more representative nature.
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 rock and channel samples were described to industry standard levels with rock type, modal mineralogy, grain size, and other pertinent observations noted. Descriptions are qualitative in nature.

Criteria	JORC Code explanation	Commentary
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 Activation Laboratories Ltd (Actlabs) in Val d'Or, Quebec. Samples are crushed to 80% passing 10 mesh, riffle split (250 g), and pulverized to 95% passing 105 micron. Sampling techniques utilized, as described above, ensure adequate representativeness and sample size. As is early exploration, industry standard sampling techniques were followed with fresh material targeted for collection as practical.
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.*	Multi-element analysis for major, minor and trace elements completed using Actlab UT-7 Sodium Peroxide Fusion (ICP & ICPMS) method, code FUS-MS-Na2O2. The assays include 55 major, minro and trace elements. The method is considered to be a total analysis appropriate for the samples and mineralisation being investigated. No blanks, standards, or duplicates were submitted by the company for analysis with the samples. Internal laboratory blanks, standards, and duplicates have been relied upon for quality control, with results reviewed by the company's consultants and found to be satisfactory with no material concerns.
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.*	Assay data is reported as received with no data adjustment. Data is checked and verified by the company's consultants prior to disclosure, then uploaded to the company's geological database for verification and storage. Li_2O values are calculated from Li assays by the formula Li_2O (ppm) = Li (ppm) x 2.153 Appropriate rounding has been applied to the calculated Li_2O value.
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.*	Handheld GPS used for measuring location of sample points using local NAD83 datum, UTM grid, Zone 18 N. Such methods have a typically accuracy of 1-3 m.
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.*	Data spacing is irregular and locally concentrated due to the reconnaissance-style sampling completed. Higher sampling density occurs in areas where potentially mineralised rocks are exposed at surface. Insufficient data is available to establish the degree of geological and grade continuity required for estimation of a resource. No compositing of data has been applied and assay results are reported as received.

Criteria	JORC Code explanation	Commentary
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.*	Grab samples are point locations and only sufficient samples were collected to assist with general interpretation of area and mineralisation potential. Where collected, channel samples were oriented perpendicular to the sampled structure in an attempt to give an indication of grade over a defined width and to obtain an unbiased sample. No drilling has been completed and the true orientation of the samples in relation to the the geological structures is not known.
Sample security	• *The measures taken to ensure sample security.*	Industry standard chain of custory followed, with samples dropped off at shipping company by field supervisor, shipping with tracking number, and received direct by the laboratory, with noticification of receipt the day samples received.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	None completed by third parties. The Company's consultants have reviewed the assay data for completeness and quality control.

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 is the 100% owner of the Lac la Corne Project, pursuant to the binding acquisition agreement. There are no other material issues affecting the tenements. Quebec Lithium Limited, a wholly owned subsidiary of Metals Australia, is the owner of 100% of the abovementioned project and ownership of the individual CDC claims is with 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 by other parties. Government mapping records multiple pegmatite occurances
Geology	• *Deposit type, geological setting and style of mineralisation.*	The project area is considered prospective for Lithium-Caesium-Tantalum (LCT) type pegmatite dyke complexes and the Company is targeting spodumene and rare metal-bearing pegmatites. The project is in an area with known lithium deposits and occurrences, as well as beryl occurrences. Geologically, the region is dominated by quartz monzodiorite intrusions 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 LCT pegmatite dykes occur within tight north-north-east trending zones and are up to 6m thick. They are generally crudely zoned, some having quartz cores and border zones of aplite. The granitic LCT pegmatites are composed of quartz, albite and/or cleavelandite, K-feldspar, muscovite, with spodumene locally in high concentration.

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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
		Not applicable.

Criteria	JORC Code explanation	Commentary
	• *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.*	
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.*	No weighted averages or data aggregation applied. No metal equivalents reported.
Relationship between mineralisation widths and intercept lengths	• *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 statement to this effect (eg 'down hole length, true width not known').*	Not applicable with grab samples representing surface point locations. Channels samples report grade over a defined width with best effort has been made to obtain a representative sample perpendicular to strike over the full eposed width of the structure. True widths not known as the geometry of the dykes had not been determined.
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.*	Included in body of the announcement.
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.*	Details and results for all samples submitted for assay are listed in Appendix A and B attached to the body of this announcement.
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.*	Further detailed geological mapping and sampling planned to identify areas of highest potential within claims area.