

**ASX Announcement**

8 September 2017

## Up to 53.7% Cg Graphite in Samples at the Lac Rainy Graphite Project

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**Highlights:**

- **High grade natural flake graphite confirmed at the Lac Rainy Graphite Project, in Quebec (Canada)**
  - **Exceptionally high grade results in surface samples include:**
    - **53.7% Cg in Sample 123675**
    - **31.9% Cg in Sample 123702**
    - **27.1% Cg in Sample 123701**
    - **19.0% Cg in Sample 123666**
    - **18.4% Cg in Sample 123672**
    - **16.6% Cg in Sample 123670**
    - **16.2% Cg in Sample 123674**
  - **Phase I exploration reveals high grade samples that cover a strike length of approximately 2.0 km and remains open along strike to the north-west**
  - **Phase II exploration program consisting of additional surface sampling and channel sampling to be completed shortly as a precursor to maiden diamond drilling**
  - **Mini-bulk sampling for metallurgical and characterisation test work to be completed shortly in September 2017 to determine flake size and suitability for the battery market**
  - **The Lac Rainy Project is located adjacent to Focus Graphite's Lac Knife Property which hosts the Lac Knife Graphite Deposit – Measured and Indicated Resource of 9.6 Mt @ 14.77% Cg and an Inferred Resource of 3.1 Mt @ 13.25% Cg**
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Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce the results of the Phase I exploration field program at the Lac Rainy Est Graphite Project, located in Quebec, Canada. The field program which consisted of detailed mapping and surface rock sampling has confirmed the presence of high grade natural flake graphite mineralisation.

The Lac Rainy Graphite Project covers an area of 4,450 hectares representing 86 mineral claims and is contiguous with Focus Graphite's Property to the southwest, which hosts the Lac Knife Graphite Deposit.

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 mining exploration

companies. MLS is positioning itself to be at the forefront of this transformational technological revolution.

Commenting on the high grade natural flake graphite results at Lac Rainy, Mr Gino D'Anna, a Director of MLS stated:

*“The surface rock samples at Lac Rainy have yielded exceptionally high grade results up to 53.7% Cg at surface. Several areas provided results that were higher than historic sampling, exceeding our expectations. In addition, to have mineralisation which starts at surface and with such high grades is very encouraging.*

*Based on the high grades obtained to date and the strike length of ~2 km, that remains open to the north-west, there is a strong potential for a high grade graphite deposit of high-tonnage to be present at Lac Rainy. The 2017 samples were collected at and along strike from the high grade Carheil Prospect, where up to 40.67% Cg has been sampled historically. We are understandably excited by what has been identified. Our corporate objective for the Project is to define a deposit of sufficient tonnage in the 15-20% Cg range similar to the nearby Lac Knife Deposit. These exceptional results have clearly advanced us towards achieving this goal considerably.*

*A follow-up Phase II field exploration program will be completed shortly, which will consist of channel sampling and the collection of ~100 kg of mineralised material for characterisation purposes. This work will serve as a pre-cursor to our maiden drilling campaign. We will focus our attention on these high grade graphitic surface exposures, which at the early stages appears to be similar to the most advanced battery-grade graphite project in North America, the nearby Lac Knife Graphite Deposit.*

*The metallurgical test work aims to demonstrate the suitability of the graphite to feed into the lithium-ion battery manufacturing market and other renewable energy applications.”*

## Lac Rainy Graphite Project

The Lac Rainy Graphite Project is located in one of the premier graphite geological regions of Quebec. It sits approximately 22km south-west of the historic mining town of Fermont and 260 km north-northeast of the city of Sept-Iles. The Lac Rainy Est Graphite Project is approximately 15km east of Route 389, a paved highway which travels north to Fermont.

The Project is located adjacent to the Lac Knife Property, that hosts the Lac Knife Graphite Deposit owned by Focus Graphite (which is located less than 4 km south-west of the Project) and hosts a Measured and Indicated Resource of 9.6 Mt @ 14.77% Cg and an Inferred Resource of 3.1 Mt @ 13.25% Cg.

The Lac en Coissant graphite project is located approximately 20km to the north of the Lac Rainy project which has historic samples of up to 30% Cg. This project is hosted in a similar geological environment, within the Nault Formation of the lower Proterozoic Gagnon Group. The high grade Lac Carheil Prospect is located less than 200 m from the licence boundaries of the Lac Rainy project area. High grade samples at Lac Carheil include 35.49% Cg and 40.67% Cg.

The close proximity of numerous high grade graphitic carbon results at nearby occurrences highlights the strong potential for further graphite mineralisation to be identified at the Lac Rainy Graphite Project.

Figure 1 illustrates the claim boundaries of the Lac Rainy Nord and Lac Rainy Est Graphite Projects (collectively known as the “Lac Rainy Project”) overlaid with the results of the recent airborne geophysics program completed by the Company.

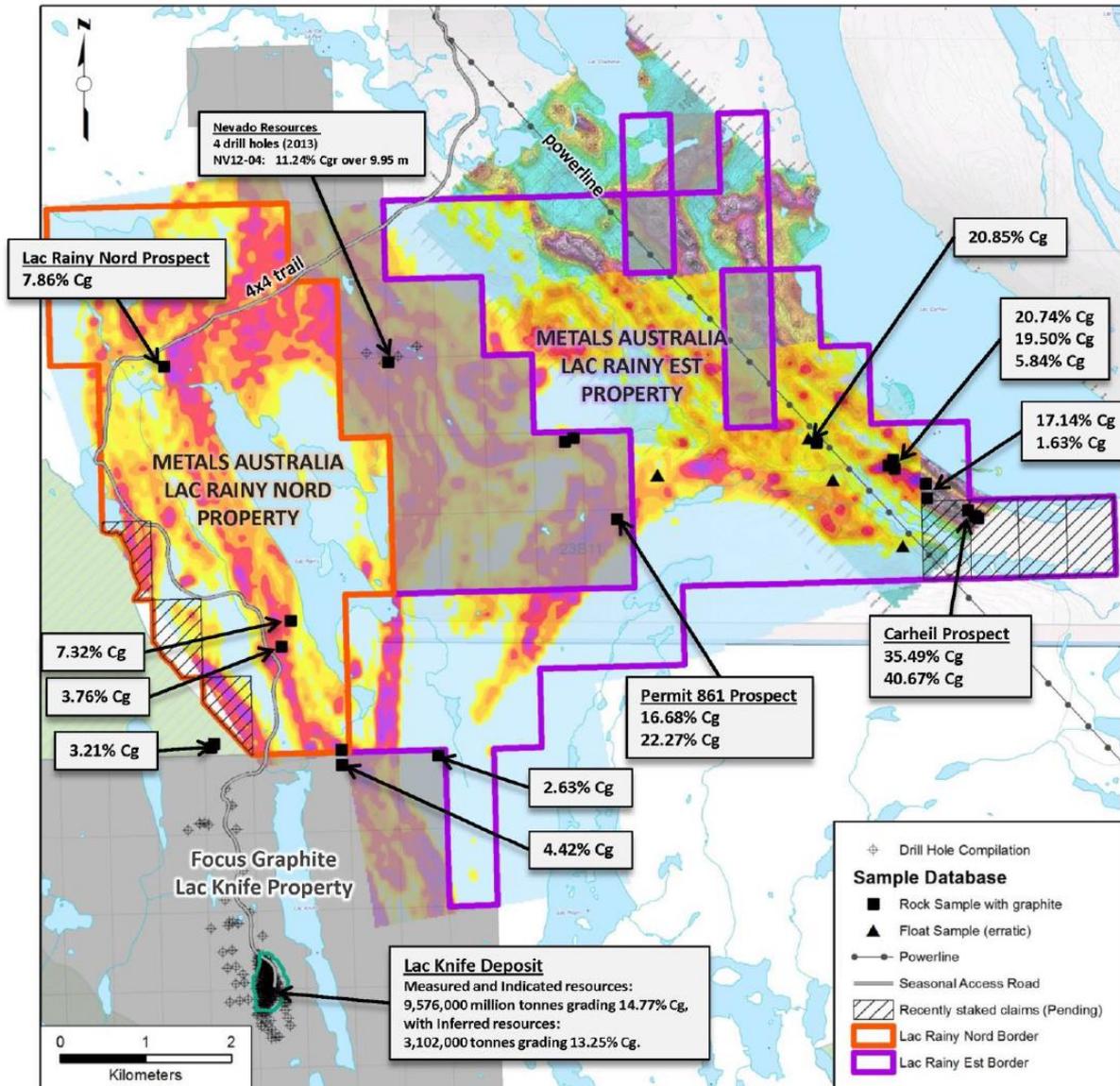


Figure 1: Claim boundaries for the Lac Rainy Nord and Lac Rainy Est Graphite Project overlaid with the results of the recent airborne geophysical program

## High Grade Graphite Results at Lac Rainy Graphite Project

In July 2017, the Company completed a field mapping and surface rock sampling campaign at the Lac Rainy Graphite Project. Dahrouge Geological Consulting Ltd. were engaged to undertake the prospecting campaign and QA/QC work.

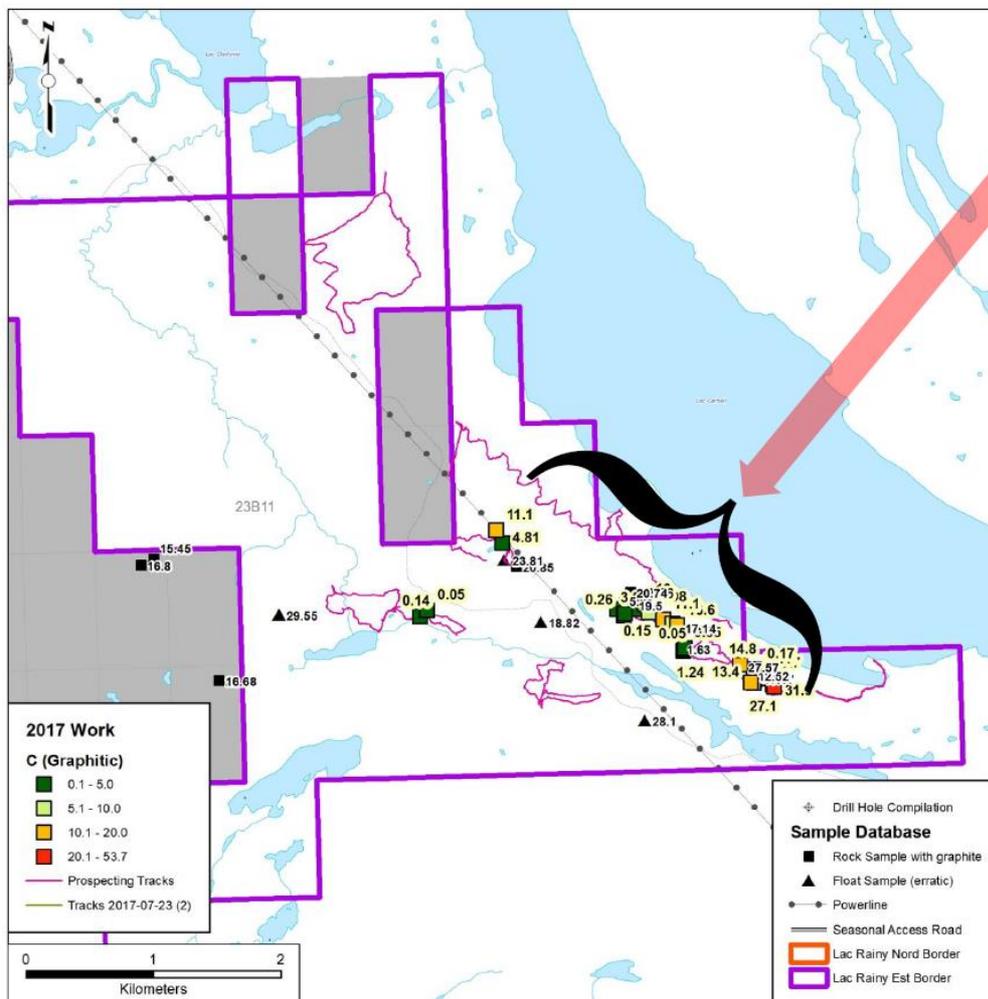
Surface rock samples collected by Metals Australia at the Lac Rainy Graphite Project have confirmed the presence of numerous high grade natural flake graphite mineralised occurrences on the property.

The samples, which were taken at and along strike of the high grade Carheil Prospect, trace mineralisation across a considerable strike length in excess of 2.0 km, when coupled with historic

results, and confirms that the Lac Rainy Project is highly prospective with significant potential to host a high grade deposit of natural flake graphite at appreciable tonnage.

The following select high grade rock samples, collected from surface exposures of the graphite formation demonstrate the potential of the project to host a high grade graphite deposit which starts at surface.

- **53.7% Cg in Sample 123675**
- **31.9% Cg in Sample 123702**
- **27.1% Cg in Sample 123701**
- **19.0% Cg in Sample 123666**
- **18.4% Cg in Sample 123672**
- **16.6% Cg in Sample 123670**
- **16.2% Cg in Sample 123674**



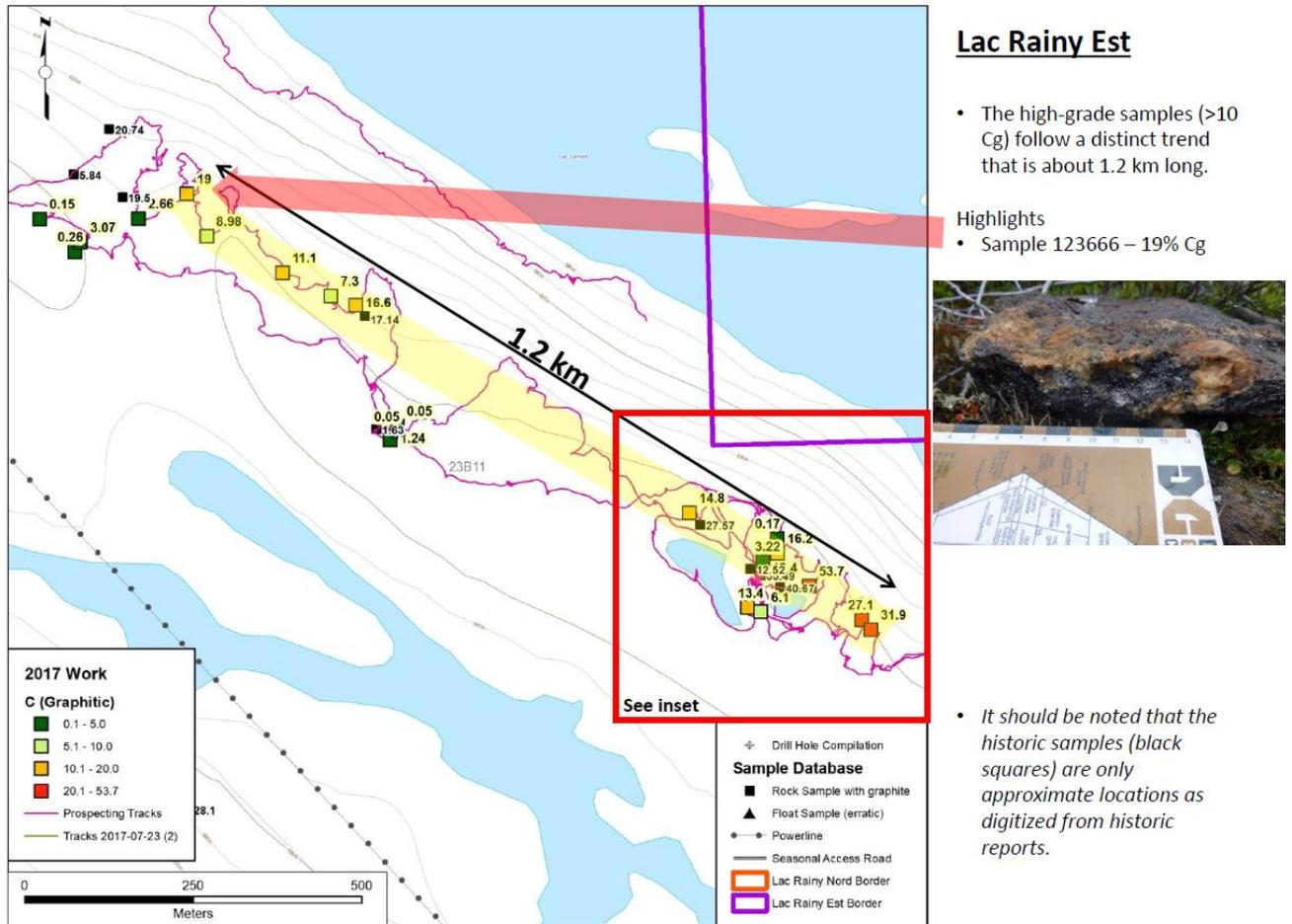
### Lac Rainy Est

- Follow-up sampling along the Carheil trend proved to return the best samples of the project.

**Figure 2: Surface Rock Samples at Lac Rainy Project area**

Figure 2 illustrates the location of the samples, as well as the historic exploration that was completed at the Lac Rainy Graphite Project. The results are located along an approximately 2 km long trend, where geophysics suggest that it is open to the northwest.

With the currently proposed open pit at the Focus Graphite 100%-owned Lac Knife deposit about 680 metres long, the potential to define a resource along the Carheil Prospect trend with added work is very high.



**Figure 3: Surface Rock Samples at Lac Rainy Project area exhibiting the strike length of the mineralised zone identified to date measuring in excess of 1.2 km, and up to ~2.0 km when coupled with historic sampling**

The well understood geological environment and the identified geological similarities between the Carheil Prospect and the Lac Rainy Est Graphite Project highlight the extension of the graphite mineralisation across the entire project area.

Figure 3 illustrates the strike of the high grade samples taken at the Lac Rainy Graphite Project, within the larger 2 km long trend.

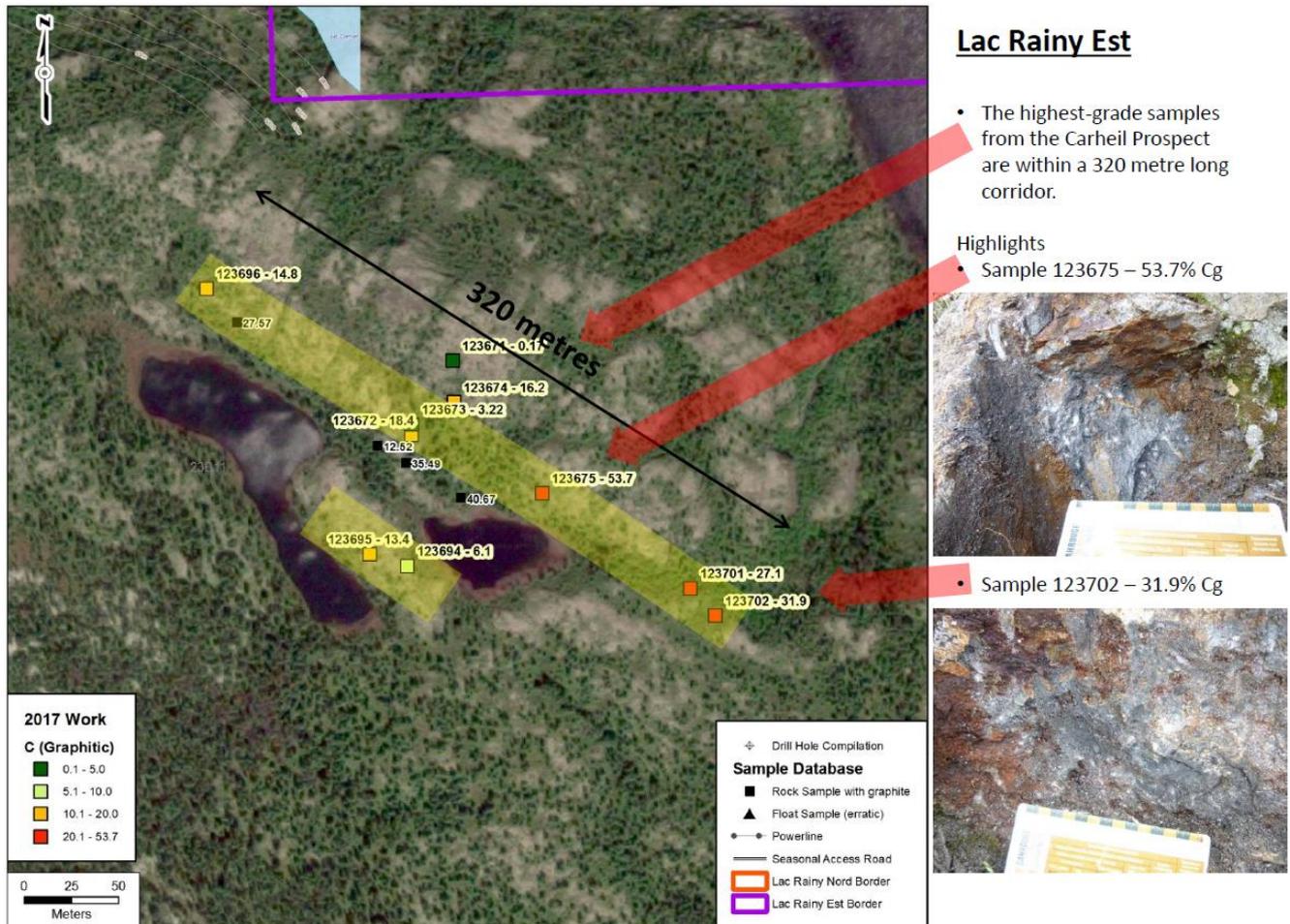
A dominant and geologically important structural lineament, which strikes from the Carheil Prospect and runs in an approximate north-south direction through the Lac Rainy Graphite Project highlights the continuity of the geology between the two areas. The results of the recent sampling program indicate that the high grade graphite encountered at Lac Rainy are a continuation of the same graphitic horizons identified at Lac Carheil.

The recent results are very significant for the Company as it demonstrates the potential for Lac Rainy to host a significant high grade graphite resource. The Lac Rainy Graphite Project is located in an environment that is host to numerous graphite occurrences, including the Lac Knife Deposit. The favorable location and access to the project facilitates exploration and development in a low-

cost environment. High voltage power and abundant water supplies are also in close proximity to the project area.

Geological mapping and surface sampling at Lac Rainy indicate that within the existing strike of the graphite bearing zones, which is excess of 2.0 km, remaining open to the north-west, there exists a high grade enriched zone located in a corridor which is approximately 320 m in length, known historically as the Carheil Prospect.

Figure 4 below illustrates these results.



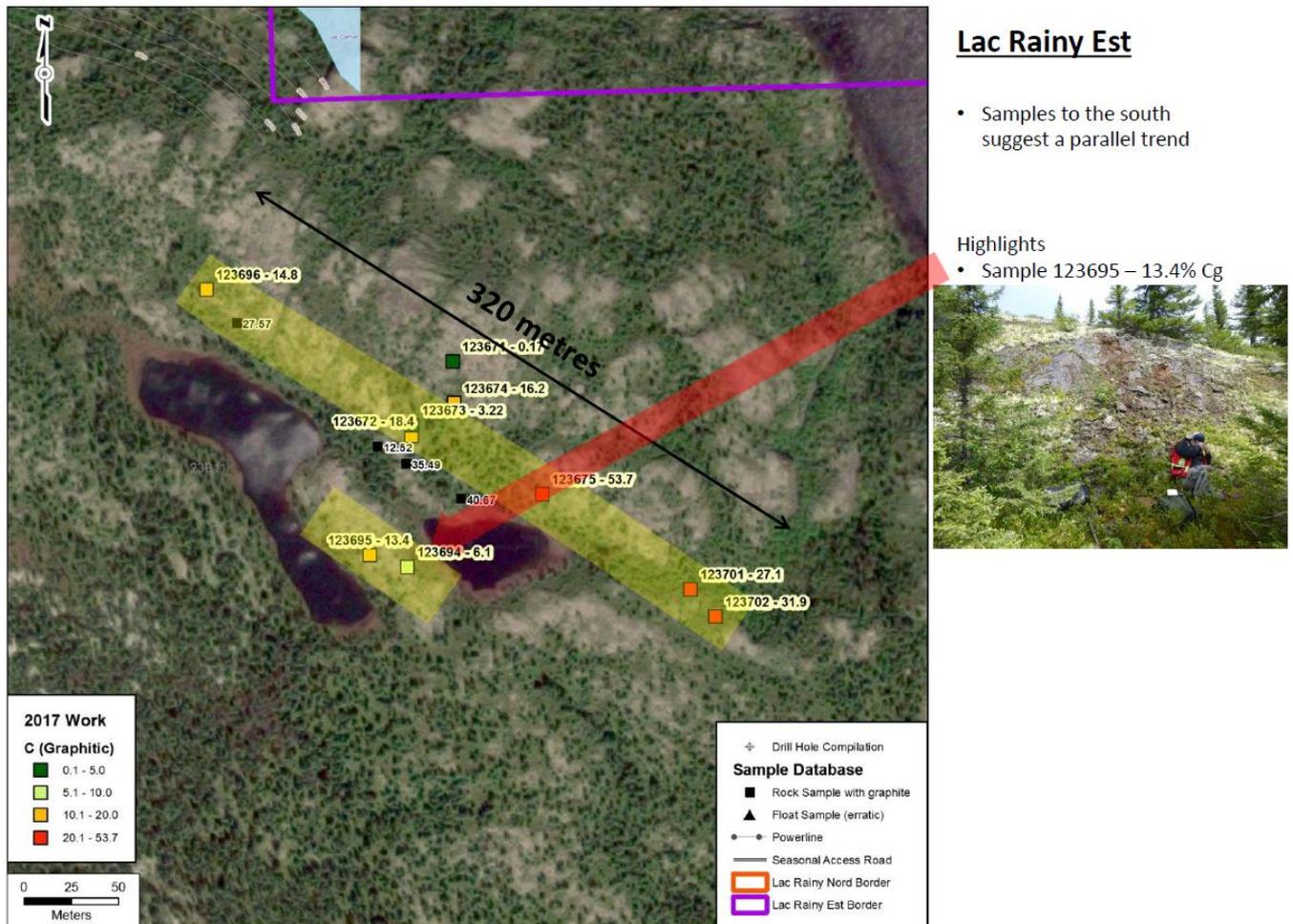
**Figure 4: Surface Rock Samples at Lac Rainy Est Project area exhibiting the strike length of the high grade corridor which is 320 m in length**

There remains significant potential to identify additional graphite mineralisation under the shallow overburden at the Lac Rainy Graphite Project.

Within the Lac Rainy Graphite Project, the graphite is hosted in biotite-quartz-feldspar paragneiss and schist of the Nault Formation, in association with iron formations of the Wabush Formation. High grade metamorphism and folding associated with the Grenvillian orogeny has resulted in the formation of important concentrations of graphite dominated by value-enhanced large flakes.

In addition to the high grade corridor which has been interpreted at Lac Rainy measuring 320 m in length, the field program has also demonstrated that an additional high grade zone which correlates with this corridor also exists to the south-west on another trend, parallel to this high grade zone.

Figure 5 below illustrates the parallel trend to the south of the high grade corridor. As part of the planned maiden drilling campaign at the Lac Rainy project, the Company plans to drill some holes in between these two structures to assess the continuity of this additional structure and the potential of it to be one significant continuous unit.



**Figure 5: Surface Rock Samples at Lac Rainy Project area exhibiting the potential for a similar significant graphite bearing zone parallel to the south-west of the high grade corridor**

A Phase II exploration program will be completed shortly at Lac Rainy and will consist of channel and characterisation sampling as a precursor to maiden diamond drilling.

As part of this Phase II exploration campaign, a mini-bulk sample of approximately 100 kg is being removed for metallurgical test work and characterisation work which will be completed during September 2017. These results will be used to determine the flake size of the naturally occurring graphite and the suitability of the graphite for the battery market. Testing will be based on the flow sheet used on the Lac Knife Deposit.

Following completion of this next phase of exploration, a maiden diamond drilling campaign is planned. The drilling will commence during winter following the analysis and interpretation of the results of the additional channel sampling and characterisation test work.

## The Global Graphite Market

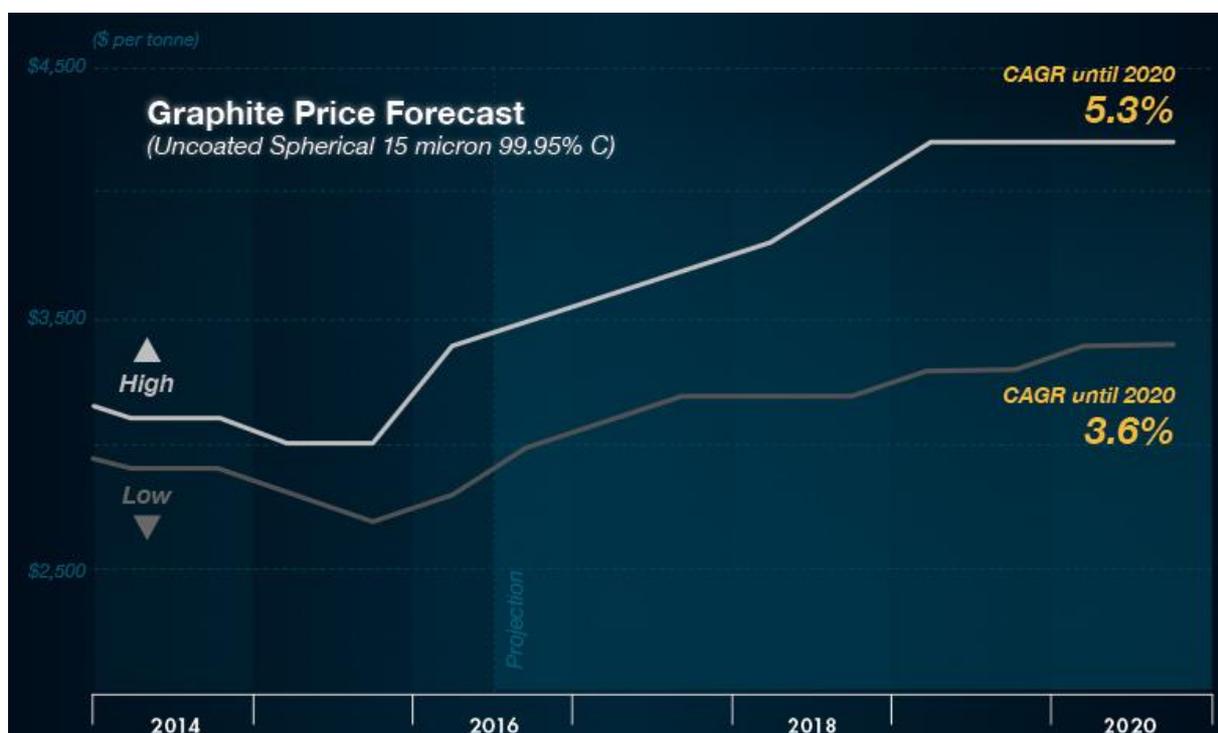
China accounts for about 70–80% of the world graphite supply (flake and amorphous) with Canada, North Korea, Mexico (amorphous), India and Brazil being the other major suppliers.

There has been speculation that China will begin to restrict supply of graphite, particularly if (or rather when) technological advances bring in significant new markets.

It is also believed that the graphite mines in China are ageing and that some may be closed down thereby reducing supply. China has also closed mines recently for environmental reasons.

In the burgeoning lithium-ion battery market, there is 54kg of graphite in the battery anode of each Tesla Model S (85 kWh).

Benchmark Mineral Intelligence forecasts that the battery anode market for graphite (natural and synthetic) will **at least triple in size from 80,000 tonnes in 2015 to at least 250,000 tonnes by the end of 2020**. Rising demand will also influence price.



Source: Benchmark Mineral Intelligence

## Update on Laboratory Results for Lac du Marcheur Cobalt Project

The Company is currently waiting on the final surface sampling results from the field exploration program at the Lac du Marcheur Cobalt Project. These results are expected shortly. The Company will update its shareholders once these results have been received and analysed.

**ENDS**

**For more information, please contact:**

Gino D'Anna  
Director  
Metals Australia Ltd  
Phone: +61 400 408 878

**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, MetalsTech 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: Surface Rock Samples Analytical Results**

Analyte Symbol			C-Total	Total S	C-Graph
Unit Symbol			%	%	%
Detection Limit			0.01	0.01	0.05
Analysis Method	UTM-E, Z19	UTM-N, Z19	CS	CS	IR
123664	622206	5830990	12.7	0.09	11.7
123665	630647	5829885	2.7	0.43	2.66
123666	630719	5829922	19.1	0.03	19
123667	630749	5829859	9.63	0.05	8.98
123668	630861	5829804	11.6	0.04	11.1
123669	630933	5829769	7.53	0.14	7.3
123670	630970	5829756	17.1	0.07	16.6
123671	631596	5829406	0.2	< 0.01	0.17
123672	631574	5829367	20	0.27	18.4
123673	631574	5829373	3.27	0.67	3.22
123674	631597	5829384	17.6	2.98	16.2
123675	631643	5829336	54.8	0.1	53.7
123688	630501	5829884	0.3	0.02	0.15
123689	630552	5829835	0.36	0.02	0.26
123690	630561	5829850	3.29	0.32	3.07
123691	631021	5829554	1.26	0.11	1.24
123692	631032	5829566	0.02	< 0.01	< 0.05
123693	631031	5829575	0.01	< 0.01	< 0.05
123694	631572	5829297	6.46	0.64	6.1
123695	631552	5829303	14.3	0.49	13.4
123696	631465	5829445	15	0.38	14.8
123697	623439	5827819	0.4	< 0.01	0.26
123698	628953	5829826	0.25	4.67	0.14
123699	629004	5829875	0.14	0.64	< 0.05
123700	629596	5830406	5	0.21	4.81
123701	631722	5829285	27.6	0.1	27.1
123702	631735	5829270	33.3	0.21	31.9
123703	623439	5827819	1.92	0.16	1.79
123704	629548	5830509	11.6	1.39	11.1



# JORC Code, 2012 Edition – Table 1

## Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<p>No drilling completed to date.</p> <p>Rock samples are comprised of grabs and thus represent point locations defined by a small area typically less than 0.5m<sup>2</sup>. 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.</p> <p>Samples are considered representative of the site targeted, followed best industry practises as described above, with sufficient material collected per sample.</p> <p>Samples submitted for assay typically weigh 2-3 kg or more. Channel sample results from those collected during phase II have not been reported. 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.</p>
Drilling techniques	<ul style="list-style-type: none"> <li>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).</li> </ul>	No drilling completed.
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>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.</li> </ul>	Not applicable.
Logging	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	All rock samples were described to industry standard levels with rock type, modal mineralogy, grain size, and other pertinent observations noted. Descriptions are qualitative in nature
Sub-sampling techniques and	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> </ul>	Sample preparation follows industry best practice standards and is conducted by internationally recognised laboratories - Activation Laboratories Ltd in Val d'Or,



Criteria	JORC Code explanation	Commentary
sample preparation	<ul style="list-style-type: none"> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<p>Quebec. Code RX1-graphite was completed as preparation. Samples are crushed to 80% passing 10 mesh, riffle split (250 g), and pulverized to 95% passing 105 micron.</p> <p>Analysis used Actlab packages Code 4F-C,S, and 4F-C-Graphite using a graphite specific preparation (RX1- Graphite). Total carbon as well as graphitic carbon are the primary deliverables.</p> <p>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</p> <p>No blanks or standards were submitted by the company with laboratory blanks, standards, and duplicates relied upon, with results reviewed by the companys consultants and found to be satisfactory with no material concerns.</p> <p>Sample size (2-3 kg) accepted as general industry standard for grab samples and is sufficient to provide a representative sample size for the location being sampled.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>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.</li> </ul>	<p>Internal laboratory QAQC relied upon with laboratory blanks, standards, and duplicates relied upon, with results reviewed by the companies consultants and found to be satisfactory with no material concern.</p> <p>No company blanks, standards, or duplicates submitted for analysis</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<p>Assay data is reported as received with no data adjustment. Data is verified by the company's consultants prior to disclosure.</p>
Location of data points	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<p>Handheld GPS used for location of sample points using local UTM grid, Zone 19. Such methods have a typically accuracy of 1-3 m.</p>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<p>Only individual sample data reported as received by laboratory</p> <p>Insufficient data to establish resources</p> <p>No sample compositing applied</p>



Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<p>Grab and chip samples reflective of point locations with sufficient samples collected along strike to assist with interpretation of area and potential.</p> <p>No drilling completed</p>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<p>Industry standard chain of custody followed, with samples dropped off at shipping company by field manager, shipping with tracking number, and received direct by the lab, with notification of receipt the day samples received.</p>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<p>None completed by third parties. The company's consultants vetted the database internally.</p>

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<p>Metals Australia Limited is the 100% owner of the Lac Rainy Graphite Project, pursuant to the binding acquisition agreement.</p> <p>There are no other material issues affecting the tenements.</p> <p>Quebec Lithium Limited, a wholly owned subsidiary of Metals Australia, is the owner of 100% of the abovementioned graphite project and ownership of the individual CDC claims is with Quebec Lithium Limited.</p> <p>All tenements are in good standing and have been legally validated by a Quebec lawyer specialising in the field.</p>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<p>No modern exploration has been conducted by other parties.</p> <p>Government mapping records multiple graphitic carbon bearing zones within the project areas but no other data is available.</p>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<p><b>Lac Rainy Graphite Project</b></p> <p>The Lac Rainy graphite project is located within close proximity to Focus Graphite's Lac Knife Project, which is considered a good analogue for mineralization style at Lac Rainy with the same general rock types present.</p>



Criteria	JORC Code explanation	Commentary
		<p>The Lac Rainy and Lac Cerheil graphite prospects were 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 Est graphite project has not been fully established.</p> <p>The Lac Rainy graphite project is contiguous with the Lac Knife Graphite Project which is owned by Focus Graphite. The Lac Knife Project hosts the Lac Knife Deposit.</p> <p>The Lac Knife Graphite Deposit hosts a reported Measured and Indicated resource totalling 9,576,000 tonnes grading 14.77% graphitic carbon together with Inferred resources of 3,102,000 tonnes grading 13.25% graphitic carbon.</p> <p><i>(Note: Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves)</i></p> <p>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.</p> <p>Refer to <a href="http://www.focusgraphite.com/wp-content/uploads/largeReport/Lac-Knife-Feasibility-Study-Technical-Report-August-2014.pdf">http://www.focusgraphite.com/wp-content/uploads/largeReport/Lac-Knife-Feasibility-Study-Technical-Report-August-2014.pdf</a> for further information in relation to the Feasibility Study at the Lac Knife graphite project.</p> <p>Graphite mineralisation is set in migmatized biotite-bearing quartz-feldspar gneiss belonging to the Nault Formation of the lower Proterozoic Gagnon Group.</p> <p>According to the Quebec 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.</p> <p>Fuchsite and other iron-rich micas accompany the graphite and sulphide mineralization</p>



Criteria	JORC Code explanation	Commentary
		in the more silicified horizons.
Drill hole Information	<ul style="list-style-type: none"> <li>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:               <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	Not Applicable
Data aggregation methods	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<p>No data aggregation with samples reported as point location data</p> <p>No metal equivalents reported</p> <p>No intercepts reported</p>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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').</li> </ul>	Not Applicable with samples representing surface point locations.
Diagrams	<ul style="list-style-type: none"> <li>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.</li> </ul>	Several maps included in body of news release
Balanced reporting	<ul style="list-style-type: none"> <li>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.</li> </ul>	Results for all sampling submitted for assay are listed in Appendix A attached to the body of this report.
Other substantive exploration data	<ul style="list-style-type: none"> <li>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.</li> </ul>	All meaningful and material data is reported.
Further work	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<p>Detailed geochemistry and geology mapping to determine trends of known mineralised zones and to delineate other Cg anomalies.</p> <p>Trenching to determine structural orientation of the mineralised zones.</p> <p>Drilling.</p>