

ASX Announcement

3 August 2017

Field Exploration Program Commences At Lac du Marcheur Cobalt Project

Highlights:

- **Geological field crew mobilised to Lac du Marcheur cobalt project to undertake channel sampling, mapping and rock sampling of historic copper-cobalt and nickel-cobalt showings as well as historic exploration trenches and pits within the project area**
 - **Maiden exploration field program will define the potential cobalt mineralisation within the Project and form the foundation for drill target identification**
 - **The Project contains the Lac Pauze and Lac Pauze-Ouest cobalt-copper-nickel prospects and is on strike with a number of other documented prospects containing high grade cobalt-copper-nickel**
 - **Historical trench samples taken from the Lac Pauze area of the Project returned assays up to 0.18% cobalt, 0.23% copper and 0.34% Ni**
 - **The price of cobalt metal has recently increased to over US\$58,000/t due to global shortages of this vital input in the production of lithium-ion batteries**
 - **The escalation in demand for lithium-ion batteries across the globe has created a significant requirement for high grade cobalt, with a particular focus on sourcing 'clean' production from safe operating jurisdictions, such as Quebec**
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Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce that the Company has commenced its field exploration program at the high grade Lac du Marcheur Cobalt Project, located in Quebec, Canada.

The Lac du Marcheur Cobalt Project is located in the geologically rich cobalt endowed Laurentian region, located in southern Quebec, Canada.

The Lac du Marcheur Cobalt Project covers an area of 1,780 hectares representing 35 mineral claims and is situated north and south of CBLT Inc. (TSX-V: CBLT) Chilton Cobalt Project.

Commenting on the commencement of exploration at the Lac du Marcheur Cobalt Project, Director of MLS, Mr Gino D'Anna stated:

“The Lac du Marcheur cobalt project boasts a large number of historic surface workings and historic showings with associated exploration trenches and blasted pits. This initial phase of exploration will channel sample and rock sample the historic showings and outcrops that lie adjacent to historic exploration pits and trenches as well as assisting our geological team to define drill targets for the next stage of exploration.”

Trench sample assays at our Lac Pauze cobalt occurrence within the Project have returned results of up to 0.18% Co which is encouraging and demonstrates the Projects potential. This area is host to numerous high grade cobalt occurrences and developing projects such as CBLT Inc. Chilton Cobalt Project.

The strike length of the mineralised zone within the North Block is over 5 kilometres, north-south, whilst the strike length of the mineralised zone within the South Block is just under 6 kilometres, northwest-southeast.”

The Lac du Marcheur Cobalt Project hosts excellent infrastructure with Montreal situated less than 100km to the south and a regional highway crossing the project. In addition, a number of forestry and ATV tracks exist on the project which facilitate exploration.

Commencement of Field Exploration Campaign

The Lac du Marcheur Cobalt Project contains the Lac Pauze and Lac Pauze-Ouest cobalt-copper-nickel showings and is on strike with a number of other documented cobalt-copper-nickel showings, including (from north to south) SC-95-02, Lac Baume, Chilton Nickel, Lac Sicotte, Lac du Marcheur and Lac Sicotte-Est. **The eastern extension of the Lac du Marcheur showing is located on the northern border of the South Block of the newly acquired Lac du Marcheur Cobalt Project.**

According to the Ministère de l'Énergie et des Ressources Naturelles ("MERNQ") database (<http://sigeom.mines.gouv.qc.ca>), these various local showings, with variable amounts of pyrrhotite, pentlandite and chalcopyrite mineralisation have returned assays of up to **2,500 ppm (0.25%) cobalt, 1.11% copper, 1.23% nickel and 12.7 g/t silver** in surface grab and trench samples associated with gabbros, gabbroic anorthosites and quartzites.

The mineralisation is in the form of disseminated sulphides and stockworks (veins and veinlets) of massive sulphides filling fractures in the anorthositic gabbros, commonly at or near contacts with quartzites. Grab samples taken from the Lac du Marcheur Cobalt Project - **Lac Pauze showing** (located in Chertsy Township) returned assays up to **1,765 ppm (0.18%) cobalt, 0.23% copper and 0.34% Ni** (MERNQ GM 54214, GM 54928, GM 55347, and GM 55906).

Previous work in the area includes geological mapping, geochemical sampling and an airborne EM survey carried out by the Ministère de l'Énergie et des Ressources Naturelles and the Geological Survey of Canada

Geologically, the rocks of the Lac du Marcheur Cobalt Project are within the Grenville Province of the Canadian Shield. The Project is underlain by the same north-south trending package of gabbroic to anorthositic rocks (Morin Intrusive Suite) that underlie the CBLT Inc. 100% owned Chilton Cobalt Project.

The limited historic exploration conducted on the surface occurrences of high grade cobalt within and surrounding the Project area demonstrates the potential for the Lac du Marcheur Cobalt Project. Despite the high grade historic cobalt grades encountered, Cobalt did not historically have any significant value and was not targeted in its own right. The historic cobalt grades place the Project amongst some of the highest grade cobalt deposits globally.

The Company has mobilised a field crew from Dahrouge Geological Consulting Ltd to site for a 9 day ground exploration program. The primary objective of the program is to confirm the historic high-grade copper-nickel-cobalt mineralisation documented on the Project from the existing outcrops and exploration pits and trenches dating from the early 1960s. In addition, reconnaissance mapping and sampling will be completed along several prospective trends within the Project as a precursor to maiden diamond drilling.

The field exploration program will be complemented with an Airborne Magnetic and TDEM survey as part of the Phase II exploration campaign as a pre-cursor to drilling to better define the structural geology of the Project.

The images below illustrate the historic exploration and blasting that occurred at the Lac Pauze copper-nickel-cobalt showing as well as chalcopryrite and sulphide mineralisation at surface in outcrops which was identified in the area and is typical of the Lac u Marcheur Cobalt Project.



Image 1: Historic exploration blasting at the Lac Pauze copper-nickel-cobalt showing



Image 2: Chalcopryrite and sulphides at surface in outcrops at the Lac du Marcheur cobalt project



Image 3 (above): Historic exploration pit-1 at Lac Pauze copper-nickel-cobalt showing



Image 4 (top right): Historic exploration pit-2 at Lac Pauze copper-nickel-cobalt showing



Image 5 (right): Typical stockworks identified at the Lac du Marcheur project historic showings

Access to the Lac du Marcheur Cobalt Project is excellent and is supported by a system of forestry service roads and provincially maintained recreational service roads. The images below identify the typical road networks that support access to the Lac du Marcheur Cobalt Project.



Image 6 and 7: Typical access roads in and around the Lac du Marcheur Cobalt Project

Summary

Historical reports indicate high grade cobalt in multiple copper-nickel-cobalt showings across the Project area, however the Project's true cobalt potential remains untested – cobalt was encountered in historical exploration, however cobalt did not carry a significant value and therefore was never targeted in its own right.

The Lac Pauze occurrence within the Lac du Marcheur Cobalt Project has been the subject of historical exploration. The Company believes that modern exploration and channel sampling will open up a significant amount of strike length of known structures for modern cobalt focused exploration and ultimately exploitation.

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For more information, please contact:

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Competent Person Statement

Mr Glenn S Griesbach, P.Geo, 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, P.Geo, 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 Metals Australia Ltd. 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.