

ASX Announcement
20 June 2018

Metals Australia Executes MoU with Chinese-based Weihai Nanhai Carbon Ltd for Lac Rainy Graphite Project

Highlights:

- Graphene and battery bipolar plates producer, Weihai Nanhai Carbon Ltd (the **Nenhai Group**), enters into a non-binding MoU with Metals Australia in relation to the Lac Rainy Graphite Project
- Pursuant to the MoU, the Nenhai Group will:
 - assist in downstream processing design to produce a graphite product that meets the requirements of the Nanhai Group as well as the broader graphite end-user market;
 - support Metals Australia in the production of a graphene product using the graphite concentrate from Lac Rainy;
 - support Metals Australia in the production of a coated spherical graphite for use in Li-ion battery applications using the graphite concentrate from Lac Rainy; and
 - provide Metals Australia with access to graphite end-user markets in China;
 - provide expertise and knowledge to Metals Australia with respect to graphite production in Canada; and
 - provide assistance to Metals Australia with funding the commercial development of the Lac Rainy Graphite Project, including the construction and commissioning of a mine.
- Execution of the MoU provides further confidence and support for the continued exploration and development of the Lac Rainy Graphite Project and demonstrates the confidence in the grade, flake size and purity of the potential graphite concentrate
- Metals Australia will provide the Nanhai Group with a preferred offtake position once production commences at the Lac Rainy Graphite Project
- The Nanhai Group will be provided mini-bulk samples of graphite concentrate and raw graphite feed from the Lac Rainy project to allow the Nanhai Group to evaluate product specifications and improve the processing flowsheet and the purity of the graphite concentrate

Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce that the Company has recently executed a non-binding Memorandum of Understanding (**MoU**) with China-based graphene and battery bipolar plates producer, Weihai Nanhai Carbon Ltd (the **Nenhai Group**) in relation to the Lac Rainy Graphite Project, located in Quebec, Canada.

REGISTERED OFFICE

Level 1, 8 Parliament Place
West Perth, Western Australia 6005
PO Box 1618 West Perth WA 6872

T +61 8 9481 7833
F +61 8 9481 7835

mls@metalsaustralia.com.au
metalsaustralia.com.au

METALS AUSTRALIA LTD ABN 38 008 982 474

ASX CODE **MLS**



Commenting on the execution of the MoU with the Nanhai Group, Director of Metals Australia, Mr Gino D'Anna stated:

“The negotiation and execution of this MoU represents a significant milestone for the Company and demonstrates the growing global demand for high-grade graphite concentrate. A strategic alignment with a leading graphene and battery bipolar plates producer at this juncture will guide the Company in tailoring the continued exploration and development of the high-grade Lac Rainy Graphite Project.

Securing a significant partner like the Nanhai Group will also provide the Company with future direction on its feasibility studies beyond graphite concentrate production, as we look to maximise value and minimise market risk through the investigation of downstream processing opportunities with an experienced technical and potential financial cornerstone partner.”

Weihai Nanhai Carbon Ltd – Memorandum of Understanding

Metals Australia recently entered into a non-binding Memorandum of Understanding (**MoU**) with Chinese-based leading graphene and battery bipolar plates producer, Weihai Nanhai Carbon Ltd (the **Nanhai Group**).

The Nanhai Groups' major business is to conduct research, manufacture and market graphite products. The major products that are produced by the Nanhai Group include graphene, spherical graphite, high purity graphite, flexible graphite bipolar plates and auxiliary electrodes. At full capacity, the Nanhai Group requires approximately 90,000t of graphite concentrate feed per year.

Pursuant to the MoU, the Nanhai Group will:

- assist in downstream processing design to produce a graphite product that meets the requirements of the Nanhai Group as well as the broader graphite end-user market;
- support Metals Australia in the production of a graphene product using the graphite concentrate from Lac Rainy;
- support Metals Australia in the production of a coated spherical graphite for use in Li-ion battery applications using the graphite concentrate from Lac Rainy; and
- provide Metals Australia with access to graphite end-user markets in China;
- provide expertise and knowledge to Metals Australia with respect to graphite production in Canada; and
- provide assistance to Metals Australia with funding the commercial development of the Lac Rainy Graphite Project, including the construction and commissioning of a mine.

In consideration of the guidance and assistance provided by the Nanhai Group, the Company will provide the Nanhai Group with a preferred offtake position once production commences at the Lac Rainy Graphite Project.

In addition, the Nanhai Group will be provided mini-bulk samples of graphite concentrate and raw graphite feed from the Lac Rainy project to allow the Nanhai Group to evaluate product specifications and improve the processing flowsheet and the purity of the graphite concentrate.

The MoU has an initial term of twelve (12) months, which can be extended by mutual agreement between the Company and the Nanhai Group. During this time, the Company and Nanhai Group

will work in good faith to negotiate, agree and execute a formally binding agreement. Either party is able to terminate the non-binding MoU at any time prior to the expiration of the initial term, with immediate effect, by written notice to the other party.

The MoU provides the Company with confidence for the continued exploration and development of the Lac Rainy Graphite Project. It also demonstrates the confidence of the Nanhai Group in the grade, flake size and purity of the potential graphite concentrate from the Lac Rainy Graphite Project.

Delivery of Initial Graphite Concentrate Samples to Nanhai Group

Metals Australia has delivered an initial shipment of graphite concentrate samples to the Nanhai Group for further evaluation. These samples were generated during the metallurgical program that was previously completed by the Company in January 2018. Nanhai Group will undertake a program of better defining the purity of the graphite concentrate and evaluate the graphite concentrate for its suitability as a spherical graphite.

These results, once available, will be shared with the Company and will form the basis of further discussions with the Nanhai Group.

About Weihai Nanhai Carbon Ltd

Weihai Nanhai Carbon Materials Co., Ltd. is located in the Carbon Material Industrial Park of Nanhai New Area in Weihai at the eastern end of the Shandong Peninsula.

More information can be found at <http://en.nhcarbon.cn/>



Image: Weihai Nanhai Carbon Materials Co., Ltd. Production Facility, Weihai (China)

The Company is well funded for its exploration programs at both the Lac Rainy Graphite Project and the Manindi Project as well as at its other projects.

We look forward to providing shareholders with further updates on these exciting developments and near-term opportunities.

ENDS

For more information, please contact:

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

Graham Baldisseri
Company Secretary
Metals Australia Ltd
Phone: +61 8 9481 7833

Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning Metals Australia. 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 Metals Australia 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.