METALS AUSTRALIA LTD

13 December 2016

**Chris Bailey**
**Adviser, Listings (Perth)**
**Australian Securities Exchange Limited**
**Level 40, Central Park**
**152 - 158 St Georges Terrace Perth**
**Perth WA 6000**

Dear Mr Bailey

**YOUR LETTER REGARDING PRICE AND VOLUME QUERY**

I refer to your letter of yesterday's date, and advise as follows:

(1) The Company is unaware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company.

However, as is common industry practice, the Company is reviewing several additional prospects for acquisition, but to date no decision has been made as to whether or not to proceed with any of them.

In addition, the capital raising approved at the Annual General Meeting on 30 November is almost finalised, with the funds raised being available for our Manindi project and the Quebec lithium and graphite prospects which are in the final stages of acquisition.

With the strong rise in the price of zinc, the Manindi project is set to receive additional attention, with a drilling program being planned for commencement in early 2017.

(2) Not applicable.

(3) The Company is unaware of any information which may account for the price and volume increases in its securities. However, we do note that zinc stockpiles at the London Metals Exchange are at low levels and the price of zinc is near an eight year high. Metals has a JORC 2012 compliant resource of 1.076 million tonnes at a grade of 6.52% at its Manindi tenements, with the possibility of further increases to this tonnage.

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(4) I confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

(5) I confirm that the responses above have been authorised and approved in accordance with our published continuous disclosure policy.

Yours sincerely,

<Sent electronically without signature>

**Norman Grafton**
**Company Secretary**
**Metals Australia Ltd**

12 December 2016

Mr Norman Grafton
Metals Australia Limited
First Floor, 8 Parliament Place
West Perth WA 6005

*By Email*

Dear Mr Grafton

**Metals Australia Limited ("MLS"): Price Query**

We note a change in the price of MLS' securities today, Monday 12 December 2016 from a closing price of $0.003 on Friday 9 December 2016 to an intra-day high of $0.006 today, Monday 12 December 2016.

We also note an increase in the trading volume of MRL' securities today to a level that is significantly above the average trading volume on days when MLS' securities are traded.

In light of this, ASX asks MLS to respond separately to each of the following questions and requests for information:

1. Is MLS aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

2. If the answer to question 1 is "yes":

   a) Is MLS relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

      Please note that the recent trading in MLS' securities would suggest to ASX that such information may have ceased to be confidential and therefore MLS may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.

   b) Can an announcement be made immediately?

      Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).

   c) If an announcement cannot be made immediately, why not and when is it expected that an announcemant will be made?

3. Is there any other explanation that MLS may have for the recent trading in its securities?

4. Please confirm that MLS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

5. Please confirm that MLS' responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MLS with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **1:30 pm AWST today**, **Monday 12 December 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MLS' securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MLS' obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me copying in TradingHaltsPerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

**Listing Rules 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to MLS' obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MLS' obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in MLS' securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Chris Bailey
**Adviser, Listings Compliance (Perth)**