

ASX Announcement

9 March 2017

High Powered & Detailed Ground EM Surveys Planned at Manindi

Highlights:

- Detailed ground EM survey planned to fully test the Kultarr-Kultarr North area for additional conductors on the felsic-mafic contact
 - High powered EM survey to test for down-dip and along strike extensions to the currently defined resource at Kultarr to approximately 600m depth
 - Detailed EM survey to be carried out over the newly discovered Kultarr “C1” conductor on the felsic-mafic contact to aid in drill targeting
 - EM survey planned over the Kultarr North “C2” conductor to provide immediate drill targets
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Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to provide an update on its exploration activities at the Manindi Zinc Project.

Metals mobilised a geological team to site on 4 March to prepare for the upcoming detailed and high powered ground EM surveys which are due to commence in the coming days.

The surveys are designed to test three separate target areas, including the newly discovered Kultarr “C1” conductor, the areas down-dip and along strike from the Kultarr resource and the Kultarr North “C2” conductor.

Previous ground and airborne VTEM surveys did not adequately close-off the highly conductive responses at Kultarr and Kultarr North. This leaves open the possibility that deeper and stronger conductors exist at depth beneath the current resource. The high powered ground survey has been designed to search for these conductors to a depth of approximately 600 metres.

The detailed survey over the newly discovered “C1” conductor is designed to provide much higher resolution than previous surveys. This will facilitate the identification of multiple conductive bodies on or adjacent to the previously overlooked felsic-mafic contact.

A ground EM survey has also been designed to explore the newly discovered Kultarr North “C2” conductor, which sits approximately 500m NW of the Kultarr resource on the felsic-mafic contact. This survey will provide Metals with accurate drill targets.

While on site, the team is also carrying out detailed geological mapping of the areas above the “C1” and “C2” conductors, as well as re-examining diamond drill cores from previous drilling programs.

Once the EM surveys are completed, a further phase of drilling will be carried out at Manindi.

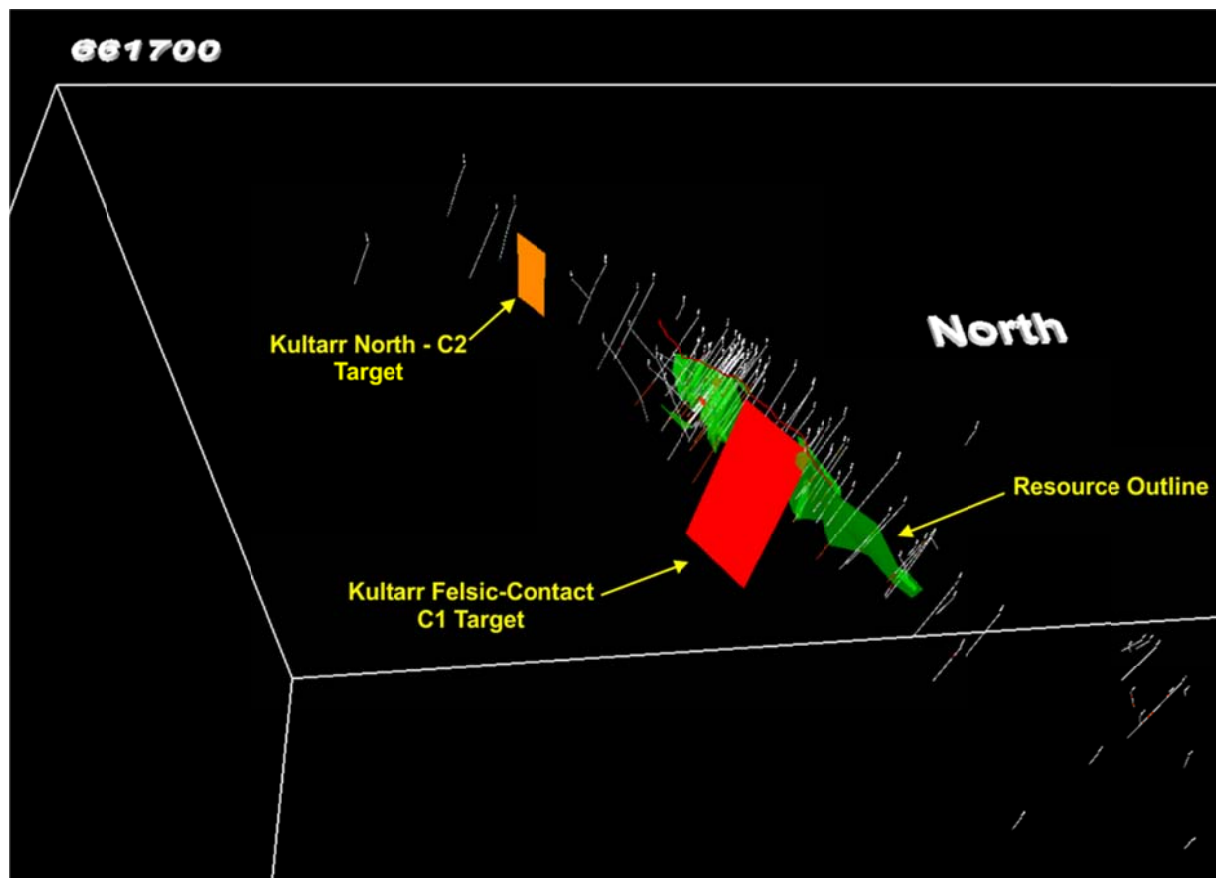


Figure 1: 3D model of Kultarr and Kultarr North looking north showing historical drilling. Current resource outline in green and new EM conductor targets C1 and C2 in red and orange on the felsic-mafic contact.

For more information, please contact:

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

Competent Person Statement

The information in this announcement relating to geology, exploration results and the mineral resource estimate is based on information compiled by Mr Dean Goodwin, who is a consultant to Metals Australia Ltd. Mr Goodwin is a member of The Australian Institute of Geoscientists, a Recognised Professional Organisation by the Australian Joint Ore Reserves Committee, and has sufficient experience relevant to the style of mineralisation and types of deposits under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Mr Goodwin consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.