

ASX Announcement
18 April 2018

Drilling Permit Applications Lodged for RC Percussion Drilling Program at Manindi Lithium Project, Western Australia

Highlights:

- Metals Australia has lodged drilling permit applications for a proposed reverse circulation (RC) percussion drilling program at the Manindi Lithium Project
 - Planned program will consist of up to 20 drill holes for a total of 1,200 m to test at least three mineralised pegmatites that have been mapped and sampled at surface
 - Permits are expected to be received within the next 30 days, following which the Company will mobilise the drill crew and technical personnel to the field
 - Drilling program is expected to be completed within 2 weeks from the commencement of the program – shareholders will be updated prior to the start of the drilling campaign
 - Sampling of historical diamond drill core has shown significant widths of high-grade lithium-bearing pegmatites up to 25 metres wide assaying up to 2.14% Li₂O
 - Detailed geological mapping at the Mulgari and Warabi prospects has confirmed several lithium-bearing pegmatite dykes exposed at surface with strike lengths of over 300 metres and widths of up to 25-30 metres
 - Previous rock chip sampling of exposed pegmatite dykes has returned high-grade lithium results of up to 2.84% Li₂O
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Diversified metals exploration company, Metals Australia Ltd (ASX: **MLS**) is pleased to announce that the Company has submitted its drill permit applications for a planned 1,200 m RC percussion drilling program targeting the lepidolite mineralisation at the Manindi Lithium Project. The program will consist of up to 20 drill holes and is designed to test at least three mineralised pegmatites that have been mapped and sampled at surface (Figure 1).

The drilling program will complement historic diamond drilling at the Mulgara Prospect, which intersected wide zones of high-grade lithium-bearing pegmatites but was not optimally oriented to test the interpreted strike of the pegmatite dykes. Drilling in this program will focus specifically on defining the grade, width and continuity of the lepidolite-bearing pegmatite dykes.

The permits are expected to be granted to the Company in the next 30 days following which the Company will complete the mobilisation of the drilling crew and technical personnel to the field. The drilling program will have a duration of approximately 2 weeks.

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Commenting on the activities at the Manindi Lithium Project, Director Mr Gino D'Anna stated:

"This drilling program will help us build an understanding of the grade and distribution of the lepidolite in the pegmatites at Manindi and will focus on at least three of the known pegmatites that are exposed at surface. The pegmatites have been mapped and sampled with high-grade results, so this program will assist us in unlocking further value.

Previous work on the mineralised pegmatites has suggested that the mineralisation occurs over significant widths and so we are excited to be able to progress with the drill testing of lithium-bearing pegmatites."

The Company has previously announced that significant widths of high-grade lithium-bearing pegmatites up to 25 m wide assaying up to 2.14% Li₂O occur in historical diamond drill core from the Mulgara Prospect area.

In addition, limited rock chip sampling of exposed pegmatites in the Mulgari-Warabi Prospect areas has returned high-grade lithium results of up to 2.84% Li₂O.

For full details, refer to Metals Australia ASX announcement dated 21 March 2017.

Additional work has shown that the area prospective for lithium-bearing pegmatites extends over a strike length of approximately 2 km. Exposures of pegmatite occur in a zone approximately 800 m wide, but interpretation of airborne magnetic images and other remote sensing images indicate that the known pegmatites may continue under cover.

The work has also identified other pegmatite exploration targets that have not been mapped at surface suggesting there remains significant potential below the shallow cover.

Four historical diamond drill holes (MND018, MND019, MND020 and MND022) containing pegmatites were sampled for lithium (see Figure 1). Assay results included 15 m @ 1.20% Li₂O from 34 m, including 5 m @ 1.53% Li₂O from 38 m, in MND018 and 3 m @ 1.00% Li₂O from 41 m in MND022.

The lithium mineralisation appears to be associated mainly with the mineral lepidolite, with lesser eucryptite and spodumene.

Detailed surface mapping carried out at Mulgara and Warabi Prospects identified at least three lithium bearing pegmatites outcropping at surface with strike lengths of over 300 m and widths up to 25-30 m (Figure 1). Results from eleven rock chip samples collected from these pegmatites have returned high grade assays up to 2.84% Li₂O (Figure 1).

The pegmatites were sampled where exposed and mapping indicated that they extended under cover.

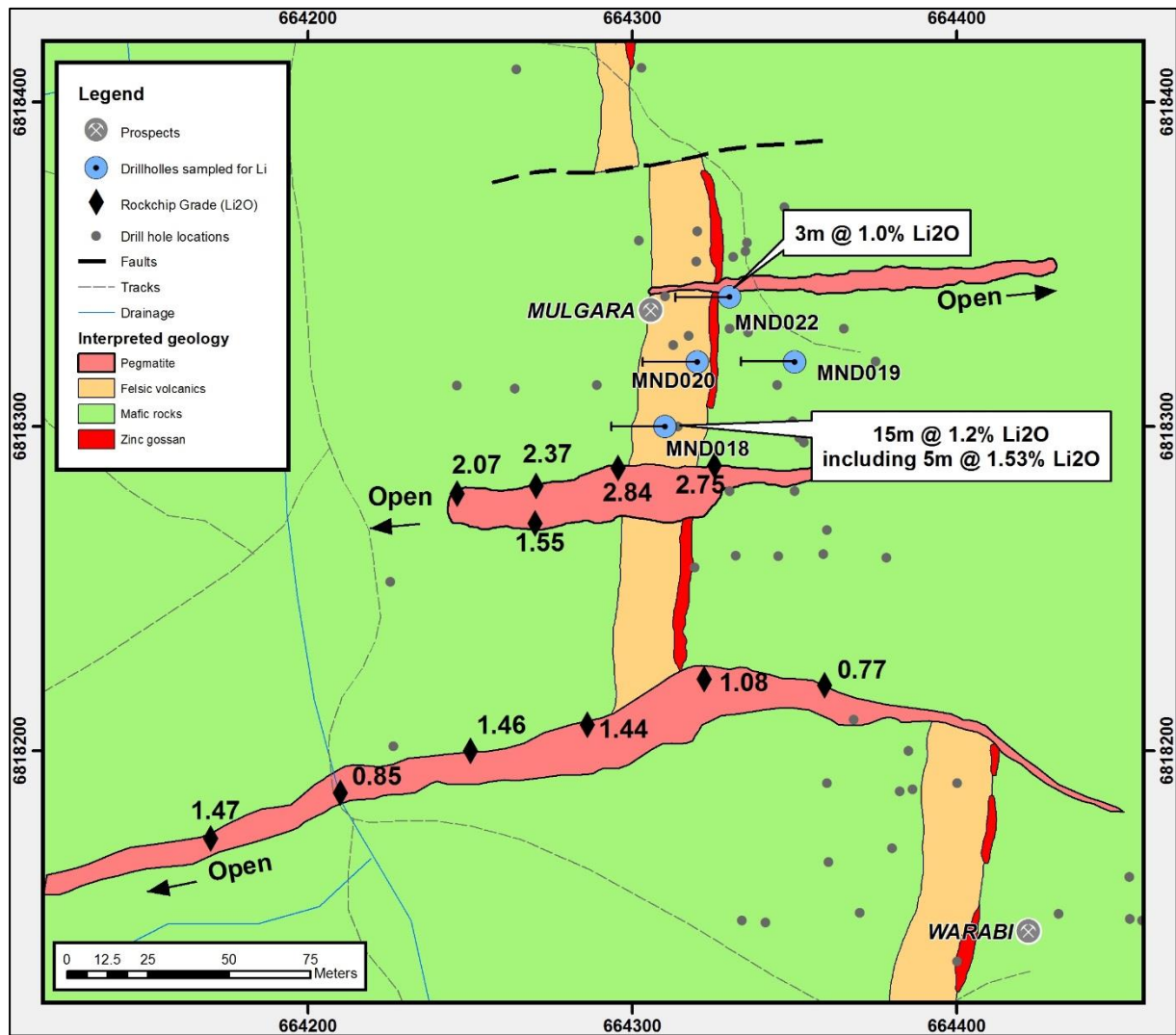


Figure 1: Interpreted geology of the Mulgara-Warabi Prospect areas showing pegmatite intrusions, rock chip sample locations and grades, historic drill holes sampled for lithium, historic drill hole collar positions and outcropping zinc mineralisation (shown in red) on the felsic-mafic contact.

The Company is well funded for its exploration programs at both the Lac Rainy Graphite Project and the Manindi Project. The Board believes that 2018 will be a transformative and Company building year. We look forward to providing shareholders with further updates on these exciting developments and near-term opportunities.

For more information, please contact:

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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. Lachlan Reynolds. Mr Reynolds is a consultant to Metals Australia Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr. Reynolds 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. Reynolds consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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.

Appendix 1 – Historic Drill Hole Details

Drill hole	Northing	Easting	AHD RL (m)	Inclination (o)	Azimuth (o)	Total Depth (m)	Location
MND018	6818300	664310	483	-60	270	49.2	Mulgara
MND019	6818320	664350	483	-60	270	120.62	Mulgara
MND020	6818320	664320	483	-60	270	81.7	Mulgara
MND022	6818340	664330	483	-60	270	90.7	Mulgara

ASX Listing Rules Compliance

Manindi Lithium Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 21 March 2017. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.