



METALSTECH LTD ACN 612 100 464

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2016

Half Year Financial Report

31 December 2016

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Half Year Financial Report

31 December 2016

CORPORATE INFORMATION

Directors & Officers

Mr. Gino D'Anna
Mr. Russell Moran
Mr. Michael Velletta
Mr. Shane Uren

Executive Director and Company Secretary
Executive Chairman
Non-Executive Director
Non-Executive Director

Company Secretary

Mr. Gino D'Anna

Registered Office

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Stock Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
ASX Code – MTC

Australian Company Number

ACN 612 100 464

Australian Business Number

ABN 86 612 100 464

Website

www.metalstech.net

Bankers

Commonwealth Bank of Australia
150 St Georges Terrace
Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
38 Station St,
Subiaco WA 6008

Share Registry

Securities Transfers Registrars
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Applecross WA 6153

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Domicile and Country of Incorporation

Australia

Solicitors

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16 Milligan Street
Perth WA 6000 Australia

METALSTECH LIMITED
DIRECTOR'S REPORT
FOR THE PERIOD ENDED 31 December 2016

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of (MetalsTech Limited ("MetalsTech") and the entities it controls at the end of, or during, the half-year ended 31 December 2016 (the Period).

Directors

The names of the directors in office at any time during or since the end of the period are:

Mr. Gino D'Anna
Mr. Russell Moran
Mr. Michael Velletta
Mr. Shane Uren (appointed 1 November 2016)
Mrs. Rachel D'Anna (resigned 5 November 2016)

Directors were in office for this entire period unless otherwise stated.

Principal activities

The principal activity of the company during the financial year was lithium exploration.

Financial results

The financial results of the company for the period ended 31 December 2016 are:

	31-Dec-16
Cash and cash equivalents (AUD \$)	13,530
Net assets (AUD \$)	684,281
Total revenue (AUD \$)	705
Net loss after tax (AUD \$)	(420,676)

Review of operations

The Company is focused on the acquisition, exploration and development within the established and highly prospective lithium regions of Quebec in Canada where a number of prominent lithium developers are building world-class mines to supply lithium carbonate and lithium hydroxide to a growing market for consumption in lithium related technology and products.

MetalsTech was formed to acquire, explore and develop the Terre des Montagnes Lithium Project, Adina Lithium Project, Kapiwak Lithium Project and Sirmac-Clapier Lithium Project, all located in Quebec, Canada. The Company has entered into various acquisition agreements to directly acquire these projects. The Company's strategy is to focus on hard rock spodumene hosted lithium exploration in the established jurisdiction of Quebec in close proximity to key mining infrastructure.

METALSTECH LIMITED
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During the Period the Company entered into various acquisition agreements to directly acquire four prospective lithium projects:

- (a) **Terre des Montagnes Lithium Project** – the Company has secured the right to acquire 143 active mineral claims covering an area of 7,655 hectares in Quebec. The tenements are contiguous with and along strike of the Nemaska Lithium Inc. (Nemaska) (TSX:NMX) world-class Whabouchi Spodumene Mine which hosts 27.3Mt of Proven and Probable Reserves (NI 43-101) at 1.53% average Li₂O grade.

The Terre des Montagnes project is contiguous with and along strike of the Nemaska Whabouchi Spodumene Mine and is located along strike of the Critical Elements Corp. Nisk Property which have both been extensively explored. Elevated niobium, tantalum, molybdenum and caesium grades occur in pegmatites in the northwest corner of the Project Indicating the Terre des Montagnes Lithium Project should be considered highly prospective for lithium.

- (b) **Adina Lithium Project** – the Company has secured the right to acquire 57 active mineral claims covering an area of 2,938 hectares in Quebec. The Adina project is located approximately 350 kilometres east of La Grande and is only accessible by helicopter. The Mirage Adventure Lodge is located approximately 60 kilometres to the north of the Adina project. The Mirage camp frequently hosts mineral exploration crews and is located along the Trans-Taiga highway.

- (c) **Kapiwak Lithium Project** - the Company has secured the right to acquire 121 active mineral claims covering an area of 6,377 hectares in Quebec. The active mineral claims are located less than 4 kilometres north and south of the James Bay Lithium Deposit owned by Galaxy Resources Limited (ASX:GXY) which hosts a reported JORC Resource (2012) of 22.2Mt (11.8Mt Indicated / 10.5Mt Inferred) at 1.28% average Li₂O grade.

The Kapiwak Lithium Project is considered moderately prospective because:

- a. Spodumene bearing rocks (boulders) have been located on the Project in areas of cover where there has been no bed rock investigation reported.
 - b. Shallow cover over the southern area of the Project.
 - c. Limited historic exploration has been undertaken on the Project.
- (d) **Sirmac-Clapier Lithium Project** - the Company has secured the rights to acquire 39 active mineral claims covering an area of 2,130 hectares in Quebec. The mineral claims are located less than 3 kilometres from the Sirmac Property owned by Nemaska Lithium Inc. grading an average of 2.04% Li₂O and approximately 4 kilometres to the west of the Osisko Exploration James Bay Ltd's (Osisko) Assinica Property.

Spodumene bearing pegmatites have been identified approximately 3 kilometres west on the adjacent Nemaska Lithium's Sirmac deposit. There does not appear to be any notable changes in the local surface geology between these claims and the eastern portion of the Sirmac- Clapier Lithium Project, as such the Sirmac-Clapier Lithium Project should be considered to be moderately to highly prospective.

METALSTECH LIMITED
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FOR THE PERIOD ENDED 31 December 2016

Through the acquisition of LiGeneration which settled on 18 November 2016, the Company has secured the ability to acquire an interest in additional lithium projects via its wholly-owned subsidiary:

- (a) **Terre des Montagnes Southeast and Southwest** - LiGeneration has the right to acquire an additional 277 active mineral claims covering an area of 14,803 hectares within the Whabouchi region. The additional project areas are known as Terre des Montagnes Southeast and Terre des Montagnes Southwest.
- (b) **Cancet Lithium Project** - LiGeneration has the right to acquire 183 active mineral claims and 4 mineral claim applications covering an area of 9,582 hectares in Quebec. The Cancet Lithium Project is located approximately 185 kilometres east of La Grande and bisected by the Trans Taiga highway with high voltage power in close proximity to the Project.
- (c) **Wells-Lacourciere Lithium Project** - LiGeneration has the right to acquire 109 active mineral claims and 50 mineral claim applications covering an area of 9,150 hectares in Quebec. The Wells-Lacourciere Lithium Project is located approximately 60 kilometres west, by road, of the town of Val-d'Or, Quebec.

Terre des Montagnes Lithium Project

The Company secured the right to acquire 143 active mineral claims covering an area of 7,655 hectares in Quebec.

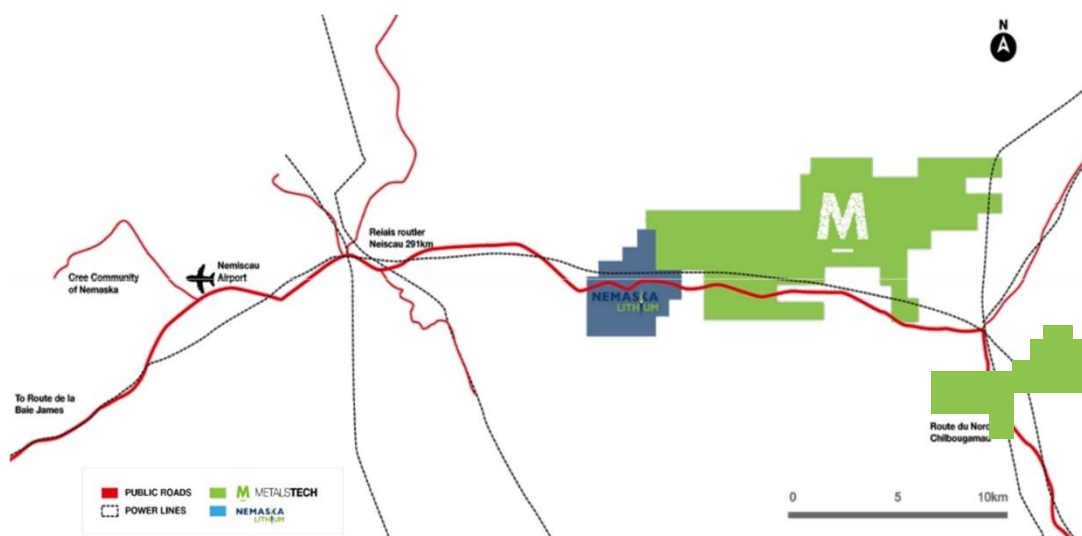


Figure 1: Terre des Montagnes Project Location Map

LiGeneration has the right to acquire an additional 277 active mineral claims covering an area of 14,803 hectares within the Whabouchi region. The additional project areas are known as Terre des Montagnes Southeast and Terre des Montagnes Southwest.

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The Terre des Montagnes Lithium Project is located in the north-eastern part of the Superior Province of the Canadian Shield. The Terre des Montagnes Lithium Project is located in a gneissic formation, with the eastern segment of the project adjacent to the Lac des Montagnes volcano-sedimentary belt and the Champion Lake granitoids and orthogneiss to the northwest.

The Terre des Montagnes Lithium Project has been the subject of modest historical exploration, although the focus has been on general pegmatite mapping and assaying for niobium, tantalum, molybdenum and cesium, rather than on lithium, specifically.

Cancet Lithium Project

LiGeneration has the right to acquire 187 active mineral claims covering an area of 9,582 hectares in Quebec. The Cancet Lithium Project is located approximately 185 kilometres east of La Grande and bisected by the Trans Taiga highway with high voltage power in close proximity to the project.

A recent sampling program at the Cancet Lithium Project identified significant mineralised pegmatite dyke structures.

At the Cancet Lithium Project, the Opinaca rocks are composed of wacke and biotite paragneiss from the Laguiche Group and many granitic and pegmatitic intrusions. The paragneiss is derived from the transformation of an important feldspathic wacke sequence that came from La Grande erosion. In many places, the contact between the two subprovinces is a shear zone.

Wells-Lacourciere Lithium Project

LiGeneration has the right to acquire 109 active mineral claims and 50 mineral claim applications covering an area of 9,150 hectares in Quebec. The Wells-Lacourciere Lithium Project is located approximately 60 kilometres west, by road, of the town of Val-d'Or, Quebec.

In 2011, a modest exploration program was completed by Yvan Giasson consisting of four short channels across a pegmatite dyke near the Wells-Lacourciere showing from which two rock samples were sent for litho-geochemical analysis. This survey identified one sample located near the Wells-Lacourciere showing which assayed 2.87% Li (equivalent to 6.18% Li₂O) (GM65913).

Samples taken from the Wells-Lacourciere Lithium Project occurrence during the recent survey carried out by LiGeneration returned assays as high as 7.34% Li₂O (calculated) (in spodumene samples) and 2.67% Li₂O (in bulk samples).

Based on the assays returned from the recent site visit, the Wells-Lacourciere Lithium Project is considered to be moderately to highly prospective for spodumene hosted lithium mineralisation.

The Wells-Lacourciere Lithium Project area is primarily underlain by rocks of the Late Archean Pontiac Subprovince. Underlying the majority of the project is the Decelles Reservoir Batholith, which comprises granite, pegmatite, tonalite, and granodiorite. The northwestern edge of the Project is underlain by monzodiorites of the Lac Fréchette pluton.

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The pegmatite dyke at the Wells-Lacourciere Lithium Project lithium occurrence outcrops in a large hill of granite on the west side of the road passing by the occurrence. It strikes 310° and dips steeply to the north. It is traceable along surface for a distance of approximately 600 metres, while its width varies from 8 to 15 metres (GM 14918).

Spodumene in this dyke occurs as large, stubby crystals in random orientation and seems to favour, along with the beryl, the more quartz-rich spots in the dyke.

Adina Lithium Project

The Company secured the right to acquire 57 active mineral claims covering an area of 2,938 hectares in Quebec. The Adina Lithium Project is located approximately 350 kilometres east of La Grande and is only accessible by helicopter. The Mirage Adventure Lodge is located approximately 60 kilometres to the north of the Adina project. The Mirage camp frequently hosts mineral exploration crews and is located along the Trans-Taiga highway.

MetalsTech undertook a one-day site visit of the Adina project in August 2016 during which a total of approximately 1 kilometre of traverse was completed and 11 samples collected. The primary objective of the program was to locate and resample pegmatite outcrop(s) that were historically reported to contain blue/green spodumene, with elevated levels of lithium.

Several spodumene-bearing pegmatite outcrops were located and chip sampled. Together, the outcrops sampled span a strike length of about 680 metres. The length of the pegmatite is likely longer, but available time limited the amount of prospecting along strike.

The outcrops contained large green spodumene crystals averaging 5 to 15 centimetres in length, with some crystals up to 40 centimetres. Visual estimates of spodumene range between 5% and 20%, and locally up to 25%. There is some country rock (metavolcanics and metasediments) within the mapped outcrop area.

The 2014 regional mapping that displays the pegmatite as a coherent block is somewhat misleading as although it is the dominant rock type, there are also inter-fingerings/rafts of the country rock present in the area. It should be noted that the ridge containing the spodumene-bearing outcrop continues for an additional three kilometres to the southwest within the active claims held by MetalsTech.

The results of the one-day site visit conducted at the Adina Lithium Project were positive, and improved on the historic sampling of 0.32% Li₂O from the government mapping.

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The visit confirmed the presence of spodumene-bearing pegmatite dykes located in a 200-metre-wide by 680-metre-long area. The individual widths of the dyke(s) are not known at this time, mainly due to the amount of vegetation cover.

Lithium values from the chip samples ranged from 0.24% Li₂O to 3.12% Li₂O.

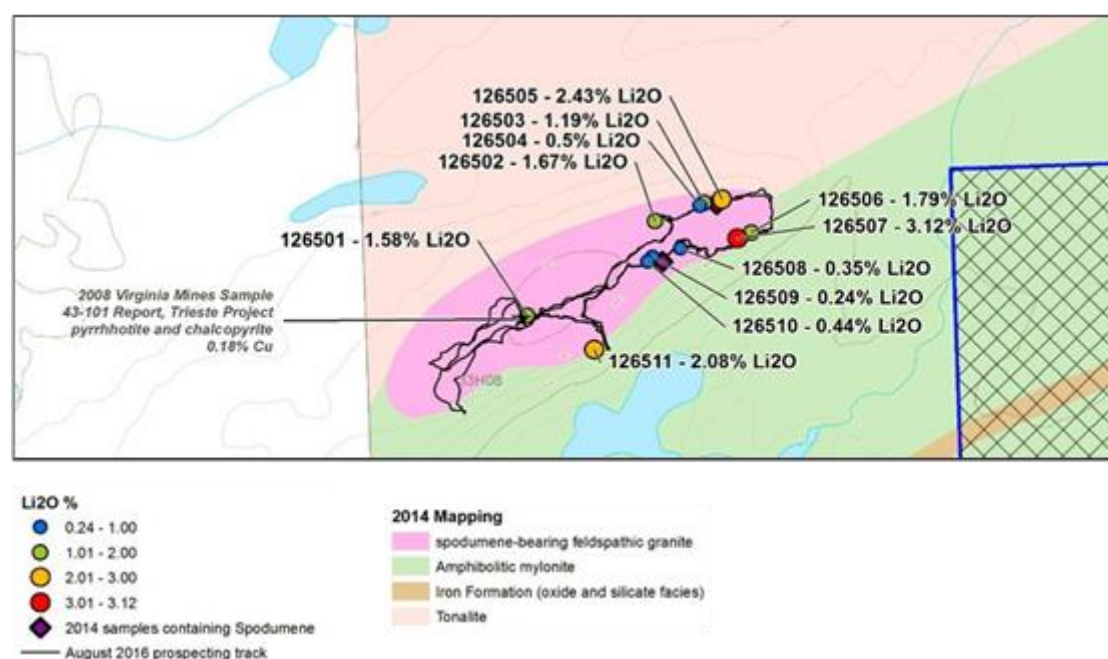


Figure 2: Adina Project Location Map displaying Channel Sampling Lithium Results

These preliminary values are equivalent to, or greater than, several other nearby lithium projects. The size-potential of the dyke(s) is promising from the initial work herein.

Kapiwak Lithium Project

The Company secured the right to acquire 121 active mineral claims covering an area of 6,377 hectares in Quebec. The active mineral claims are located less than 4km north and south of the James Bay Lithium Deposit owned by Galaxy Resources Limited (ASX:GXY) which hosts a reported JORC Resource (2012) of 22.2Mt (11.8Mt Indicated / 10.5Mt Inferred) at 1.28% average Li₂O grade.

The Kapiwak project is located in the north-eastern part of the Superior Province of the Canadian Shield within the Eastmain greenstone belt (Lower Eastmain Group).

The general metamorphism is at the greenschist facies, except in the vicinity of intrusive bodies, where it can go to the amphibolite-to-granulite facies. The Lower Eastmain group consists predominantly of amphibolite grade mafic to felsic metavolcanics, metasediments and minor gabbroic intrusions.

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This spodumene pegmatite boulder, in which small bluish beryls were observed, contains 151 ppm Be and 80 ppm Nb. Anomalous 116-253 ppm Be content was also found in the spodumene pegmatite boulders collected along the James Bay road (samples 74790406 to 74790409).

Sirmac-Clapier

The Company secured the rights to acquire 39 active mineral claims covering an area of 2,130 hectares in Quebec. The tenements are located less than 3 kilometres from the Sirmac Property owned by Nemaska grading an average of 2.04% Li₂O and approximately 4 kilometres to the west of the Osisko Exploration James Bay Ltd's (Osisko) Assinica Property.

Spodumene bearing pegmatites have been identified approximately 3 kilometres west on the adjacent Nemaska Lithium's Sirmac deposit. There does not appear to be any notable changes in the local surface geology between these claims and the eastern portion of the Sirmac-Clapier Project, as such the Sirmac-Clapier project should be considered to be moderately to highly prospective.

The Sirmac-Clapier project is located immediately adjacent to, and approximately 3 kilometres from the main zone of lithium mineralization, at the Nemaska Sirmac Property.

In 2012 Nemaska expanded its Sirmac Property to include a known lithium showing upon it. A prospecting campaign carried out by Nemaska Lithium in 2013 succeeded in characterizing the Clapier showing on this expanded property area. Ten outcrops of pegmatites were found in a pyroclastic host rock. Seventeen out of twenty-five grab samples taken from the area returned values from 0.78 to 3.69% Li₂O.

Exploration Conducted during the Period

During the Period the Company completed surface based exploration and field work at the Cancet Lithium Project, Wells-Lacourciere Lithium Project and Adina Lithium Project with each of the projects returning high grade lithium results as surface. The Company plans to undertake an immediate exploration program consisting of stripping, trenching and channel sampling prior to undertaking a maiden drill campaign at each of these three high priority projects.

The Company intends to follow up the limited historical exploration that has been conducted at the Terre des Montagnes Lithium Project, where the focus has been on general pegmatite mapping and assaying for niobium, tantalum, molybdenum and caesium, rather than on lithium, specifically. The follow up exploration program will consist of mapping, trenching, stripping and channel sampling designed to delineate the extent of the lithium mineralisation and advance the Terre des Montagnes Lithium Project such that it is drill ready.

Exploration Conducted subsequent to the end of the Period

Subsequent to the Period on 2 March 2017 the Company announced exceptional results from a 5-day detailed surface channel sampling program in high priority drill target zones at the Company's 100%-owned Cancet Lithium Project in Quebec, Canada.

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FOR THE PERIOD ENDED 31 December 2016

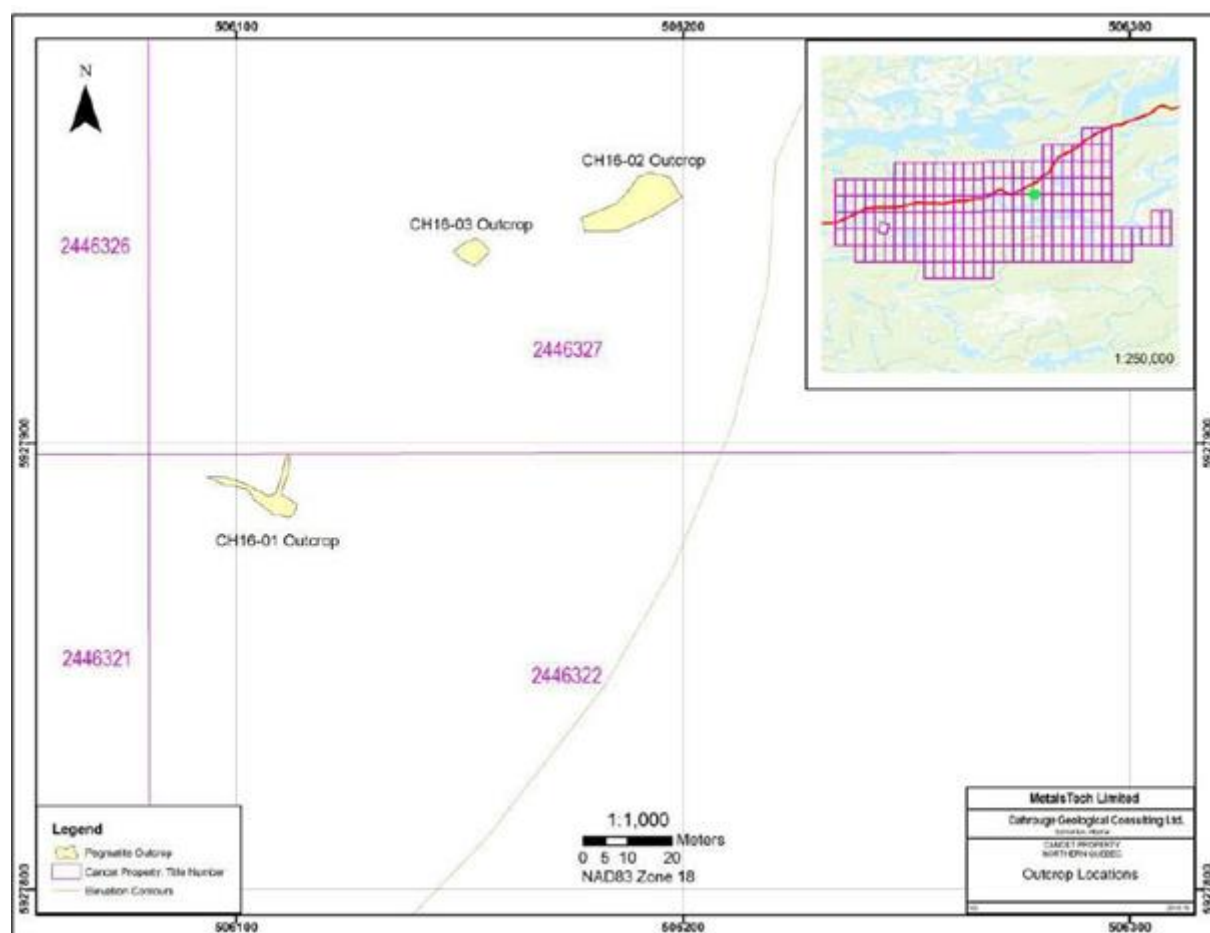


Figure 3: Location of three outcrops targeted for channel sampling

Channel 1 (CH16-01)

CH16-01 was approximately 12m in length trending at 028° and 12 samples were collected in total. The original outcrop was approximately 4m wide, however trenching uncovered an additional 8m of mineralised pegmatite. The extent of the outcrop on the northeast side of the trench remains open. Trenching ceased only due to limitations of the hand tools being used, not due to lack of outcrop.

CH16-01		
Sample	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
122226	0.25	60
122227	1.29	140
122228	4.94	90
122229	3.08	40
122230	2.35	210
122231	0.11	160
122232	0.59	130
122233	1.71	170
122234	0.56	(BDL)
122235	0.81	50
122236	0.02	120
122237	1.48	40

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FOR THE PERIOD ENDED 31 December 2016

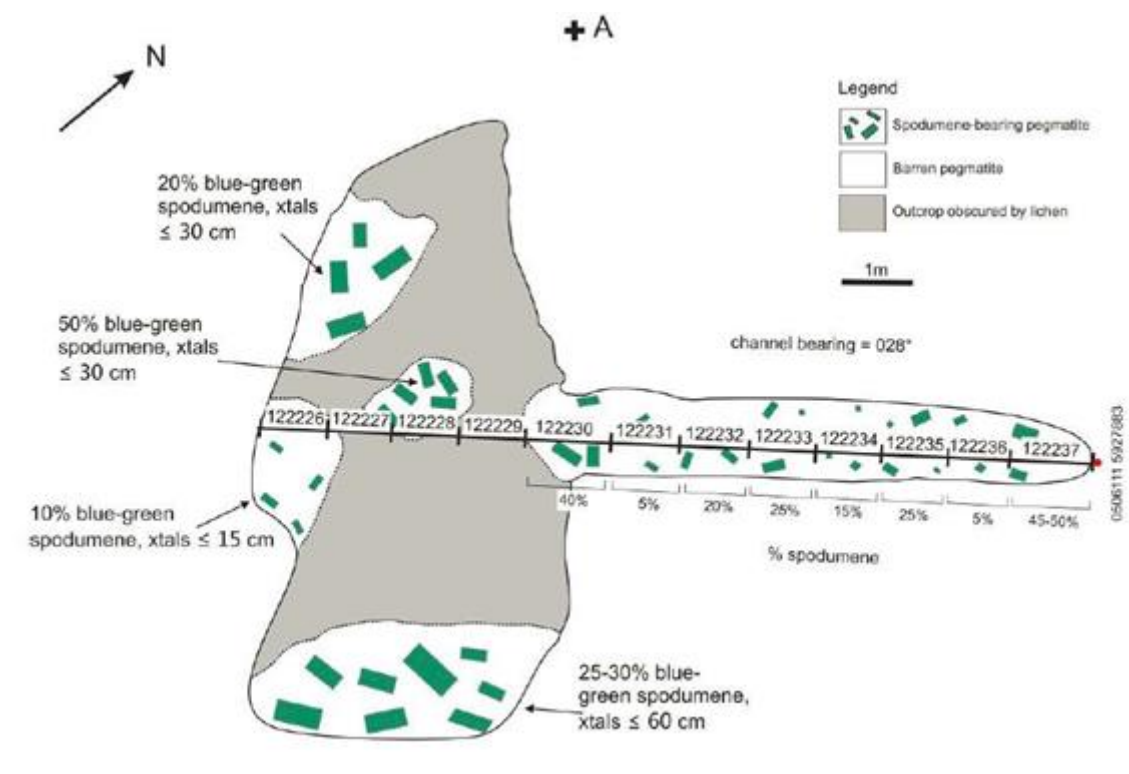


Figure 4: Map of Outcrop and Channel CH16-01

Channel 2 (CH16-02)

CH16-02 was approximately 10m in length trending south to north and 10 samples were collected.

CH16-02		
Sample	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
122238	0.04	60
122239	0.03	110
122240	0.91	150
122241	1.19	380
122242	0.06	50
122243	2.11	110
122244	0.59	40
122245	0.53	(BDL)
122246	2.50	40
122247	0.08	40



Figure 5: Trench excavated prior to cutting CH16-02

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Channel 3 (CH16-3)

CH16-03 was located on the smallest outcrop and was approximately 4m in length trending south to north. No significant portion of this outcrop was excavated due to heavy snowfall the day the channel was cut and 4 samples were collected in total.

CH16-03		
Sample	Li ₂ O (%)	Ta ₂ O ₅ (ppm)
122248	5.58	30
122249	3.55	110
122250	2.54	80
122251	1.22	50

The results of the detailed channel sampling program have confirmed that the outcrops located and sampled in the in the high priority drill target zones at the Cancet Lithium Project are consistently mineralised. A total of 13 samples return Li₂O values >1.0%, with a high of 5.58% Li₂O.



Figure 6: Sample assaying 3.55% Li₂O in drill target zone from CH16-03

In addition, the majority of the samples collected returned anomalous tantalum (Ta₂O₅) values, which will likely increase the economic potential of the mineralised pegmatite. The average of all samples received at the Cancet Lithium Project for tantalum that were above the minimum detection limit of 30 ppm Ta₂O₅ was 102.5 ppm Ta₂O₅, with the highest value returning 380 ppm Ta₂O₅.

Technology Collaboration Agreement with Lithium Australia NL

On 11 October 2016, the Company entered into a binding Letter Agreement with Lithium Australia NL (ASX: LIT) pursuant to which LIT will provide MetalsTech with access to the proprietary metallurgical processing technologies that have been developed by LIT, namely Sileach™ and LieNA™ together with any other proprietary technologies that are owned, developed and patented by LIT.

The Letter Agreement provides MetalsTech with an exclusive licence to use and apply the hydrometallurgical processes developed by LIT throughout Quebec.

It is anticipated that this partnership and the collaboration on the further development of the ore extraction technology specific to the spodumene at the MetalsTech projects will allow MetalsTech to fast-track the development and process for the production of lithium carbonate and lithium hydroxide from the spodumene concentrate produced at any of the Projects.

It is expected that working with LIT will ensure that MetalsTech has a thoroughly planned and well-designed flowsheet designed to maximise the recovery of the lithium from the spodumene concentrate and enhance the potential economics from the production of lithium carbonate and lithium hydroxide.

LIT will partner with MetalsTech and provide the necessary parameters to ensure that the sampling of the spodumene and the design criteria of the hydrometallurgical processes for the production of lithium carbonate and lithium hydroxide are aligned.

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It is expected that this should improve the speed at which MetalsTech is able to demonstrate its ability to produce value add lithium products, namely lithium carbonate and lithium hydroxide, and remain in a cost competitive environment within the lowest quartile of the cost curve.

MetalsTech's goal is to establish a low-cost lithium production profile, similar to the brine producers. The Company believes that the partnership with Lithium Australia and the use and application of the Sileach™ hydrometallurgical processing technology can deliver this result.

After balance date events

Subsequent to the Period on 7 March 2017 the Company advised it had received the necessary approvals and drilling permits to undertake a drilling campaign at the Company's 100% owned Cancet and Adina Lithium Projects in Quebec, Canada. The Company is planning to commence a 4,000m diamond core drilling program at Cancet in the coming days with a view to quantify potential resources. A program that includes 2,000m of diamond core drilling is also planned at Adina which is expected to commence during May 2017.

Information on directors

Name	Gino D'Anna
Title	Executive Director and Company Secretary
Qualifications	Bachelor of Commerce (Honours)
Experience	Mr D'Anna is a founder and Executive Director of the Company. Mr D'Anna has significant primary and secondary capital markets experience and has extensive experience in resource exploration, public company operations and administration and financial management. Mr D'Anna has particular experience in Canadian Government and First Nations relations in the mining sector. Mr D'Anna was a founding shareholder and founding Executive Director of Atrum Coal (ASX: ATU) which is developing the Groundhog Anthracite Project, located in British Columbia, Canada. Mr D'Anna is currently a Director of 3G Coal NL, Non-Executive Director of Metals Australia Limited (ASX: MLS) and K2fly Limited (ASX: K2F) and Director of Lac Grande Gold Pty Ltd.
Special Responsibilities	None

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Name	Russell Moran
Title	Executive Chairman
Qualifications	N/A
Experience	Mr Moran is a co-founder and Executive Chairman of the Company. He is an experienced natural resources and technology investor with experience across bulk commodities, base metals and mining and engineering services sectors. He is the Founder and former Executive Director of Canadian anthracite mine developer Atrum Coal (ASX: ATU) and has significant experience in Canadian exploration and resource development.

	Mr Moran is currently Chairman of Oceanic Dental Pty Ltd and 3G Coal NL, and Non-Executive Director K2 Technology Pty Ltd and K2fly Limited (ASX: K2F).
Special Responsibilities	None

Name	Michael Velletta
Title	Non-Executive Director
Qualifications	Bachelor of Law
Experience	Mr Velletta has more than 20 years' experience in corporate law, building public companies, mergers and acquisitions, financing and corporate governance. He is a Director of MNP Petroleum (TSX.V:MNP), African Metals Corporation (TSX.V:AFR) and privately held gold exploration companies. He is a member of the Association of International Petroleum Negotiators, the Law Society of British Columbia and past governor of the Trial Lawyers Association of British Columbia.

Special Responsibilities	None
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Name	Shane Uren
Title	Non-Executive Director
Qualifications	Science Degree (Biology)
Experience	Mr Uren is a Registered Professional Biologist in British Columbia. He has extensive Environmental Assessment experience including; BHPs Ekati Diamond Mine, Cambior's Rosebel Mine, Inco Ltd.'s Goro Project, Novagold's Galore Creek Project, Thompson Creek Metal's Davidson Project, Atrum Coal's Groundhog Project and Copper Fox Metal's Schaft Creek Mine.

Special Responsibilities	None
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Likely developments and expected results of operation

The Company expects to maintain the present status and level of operations.

METALSTECH LIMITED
DIRECTOR'S REPORT
FOR THE PERIOD ENDED 31 December 2016

Environmental regulation

The company's operations are not regulated by any significant environmental regulation under a law.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer of the company.

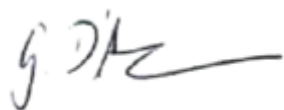
Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the company.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 15.

This report is made in accordance with a resolution of the Directors.



Gino D'Anna
Executive Director
16 March 2017

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF METALSTECH LIMITED

As lead auditor for the review of MetalsTech Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of MetalsTech Limited and the entity it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2017

Half Year Financial Report

For the half year ended 31 December 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	December 2016 \$
Other income	705
Administration expenses	(8,938)
Audit fees	(26,945)
Capital raising fees	(62,409)
Consulting and advisory fees	(40,000)
Corporate compliance	(392)
Directors fees	3 (252,000)
Occupancy costs	(4,800)
Travelling expenses	(20,933)
Website fees	(4,964)
Loss from continuing operations before income tax	(420,676)
Income tax benefit	-
Loss from continuing operations after income tax	(420,676)
Other comprehensive loss for the period, net of tax	-
Total comprehensive loss for the period	(420,676)
Loss per share from continuing operations attributable to the ordinary equity holders of the company:	Cents
Basic and diluted loss per share	(0.984)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2016 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents		13,530	293,416
Trade and other receivables		46,977	4,643
Total Current Assets		60,507	298,059
Non-Current Assets			
Prepaid exploration assets	4	137,543	184,134
Exploration and evaluation expenditure	5	766,451	-
Total Non-Current Assets		903,991	184,134
TOTAL ASSETS		964,498	482,193
Current Liabilities			
Trade and other payables	6	250,217	53,200
Borrowings	7	30,000	-
Total Current Liabilities		280,460	53,200
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		280,460	53,200
NET ASSETS		684,281	428,993
EQUITY			
Contributed equity	8	1,166,309	490,345
Reserves		618,992	618,992
Accumulated losses		(1,101,020)	(680,344)
TOTAL EQUITY		684,281	428,993

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Half Year Financial Report

For the half year ended 31 December 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total
	\$	\$	\$	
As at 1 July 2016	490,345	618,992	(680,344)	428,993
Loss for period	-	-	(420,676)	(420,676)
Total comprehensive loss for the period	-	-	(420,676)	(420,676)
Transactions with owners in their capacity as owners:				
Issue of share capital	725,000	-	-	725,000
Share capital raising costs	(49,036)	-	-	(49,036)
As at 31 December 2016	1,166,309	618,992	(1,101,020)	684,281

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Half Year Financial Report

For the half year ended 31 December 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers and employees (including GST)	(284,156)
Interest received	705
Net cash outflow from operating activities	<u>(283,451)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Payment for exploration and evaluation	(338,956)
Loan from related parties	30,000
Other – cash acquired	9,167
Net cash outflow from investing activities	<u>(299,789)</u>
Cash flows from financing activities	
Proceeds from issue of shares	315,000
Costs of capital raising	(11,988)
Net cash flows from financing activities	<u>303,012</u>
Net increase/(decrease) in cash and cash equivalents	(280,228)
Exchange rate adjustments	342
Cash and cash equivalents at the beginning of the period	<u>293,416</u>
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>13,530</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by MetalsTech Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The same accounting policies and methods have been consistently applied by the Consolidated Group in these half-year financial statements as compared with the most recent annual financial statements, except for the new policies adopted below;

Exploration and evaluation expenditure

Exploration and evaluation costs, which are intangible costs, including the costs of acquiring licenses, are capitalized as exploration and evaluation assets on an area of interest basis.

Exploration and evaluation assets are only recognised if the rights of the area are current and either:

- a) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- b) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible asset to mineral property and development assets within property, plant and equipment.

Half Year Financial Report

For the half year ended 31 December 2016

1. BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)

Asset acquisition not constituting a business When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

The Directors determined that the acquisition of LiGeneration Limited ("LiGeneration") was an asset acquisition.

Carrying value of asset acquisition

During the financial year 3,600,000 shares were issued to the shareholders of LiGeneration under a Scrip for Scrip offer that constitutes a share based payment.

The fair value of the shares issued was determined by reference to the share price of the most recent capital raising price on grant date, based on last capital raising price on 10 October 2016 of \$0.10 per share.

Comparative information

The company was incorporated on 25 May 2016 and therefore there are no comparatives for this reporting period for the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity or Consolidated Statement of Cash Flows.

Adoption of new and revised accounting standards

In the half year ended 31 December 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. The Directors have decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies as a result of accounting standards issued not yet effective.

Half Year Financial Report
For the half year ended 31 December 2016

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

Revenue by geographical region

The Company has not generated revenue from operations, other than interest income derived from deposits held at call with banks in Australia.

Assets by geographical region

The Company owns tenements in the geographical location of Quebec, Canada.

	December 2016
3. EXPENSES	
Directors Fees	
Directors fees	36,000
Directors consultancy fees	216,000
	252,000

	31 December 2016	30 June 2016
4. PREPAID EXPLORATION ASSETS	\$	\$
Prepaid exploration assets	137,543	184,134
Reconciliation:		
Balance at the beginning of the period	184,134	-
Deposits and acquisition costs for exploration assets	363,631	184,134
Exploration assets acquired as part of the acquisition (i)	356,229	-
Transfer of expenditure to exploration and evaluation (ii)	(766,451)	-
Balance at the end of the period	137,543	184,134

(i) Refer to Note 9 for further details.

(ii) Refer to Note 5 for further details

Half Year Financial Report
For the half year ended 31 December 2016

	31 December 2016	30 June 2016
5. EXPLORATION AND EVALUATION EXPENDITURE	\$	\$
Exploration and evaluation assets	766,451	-
Reconciliation:		
Balance at the beginning of the period	-	-
Transfer of prepaid acquisition costs for exploration assets (i)	766,451	-
Balance at the end of the period	766,451	-

- (i) The rights to tenure for several areas of interest were acquired during the period, at which time expenditure has been re-classified from prepaid acquisition costs for exploration assets to exploration and evaluation expenditure. Refer to Note 1 for further information regarding the Company's accounting policy regarding exploration and evaluation expenditure.

	31 December 2016	30 June 2016
6. TRADE AND OTHER PAYABLES	\$	\$
Trade and other payables	152,217	46,200
Accrued expenses	98,000	7,000
Balance at the end of the period	250,217	53,200

	31 December 2016	30 June 2016
7. BORROWINGS	\$	\$
Loans from related party - unsecured	30,000	-
Balance at the end of the period	30,000	-

Loan from related parties are unsecured and have nil interest payable. Refer to Note 13 for more information.

Half Year Financial Report
For the half year ended 31 December 2016

8. CONTRIBUTED EQUITY

(a) Share Capital

	December 2016 Shares	June 2016 Shares	December 2016 \$	June 2016 \$
Fully paid	46,630,000	39,380,000	1,166,309	490,345

(b) Movements in ordinary share capital:

Period ended 31 December 2016

Date	Details	Number of shares	Issue price	\$
01/07/16	Opening balance	39,380,000		490,345
Sept 2016	Placement	3,150,000	0.10	315,000
18/11/16	Acquisition of LiGeneration	3,600,000	0.10	360,000
22/11/16	Issue of Vendor shares	500,000	0.10	50,000
	Capital raising costs			(49,036)
31/12/16	Balance at end of period	46,630,000		1,166,309

Period ended 30 June 2016

Date	Details	Number of shares	Issue price	\$
01/01/16	Opening balance	-		-
June 2016	Issue of shares	34,480,000	\$0.0001	345
June 2016	Placement	4,900,000	\$0.10	490,000
30/06/16	Balance at end of period	39,380,000		490,345

Half Year Financial Report

For the half year ended 31 December 2016

9. ASSET ACQUISITION

Asset Acquisition

MetalsTech acquired the assets of LiGeneration Limited ("LiGeneration") by way of a Scrip for Scrip offer. Equity consideration of 3,600,000 shares was issued on 18 November 2016 at fair value based on the most recent capital-raising share price of \$0.10 per share, the value of the LiGeneration was unable to be measured reliably and therefore the value of the projects were measured by reference to the fair value of the shares issued.

The transaction is not a business combination as the assets acquired did not meet the definition of a business as defined in the Australian Accounting Standards as at the date of acquisition, no economic resource could be established. The acquisition of the net assets meets the definition of, and has been accounted for, as an asset acquisition.

Assets

Cash and cash equivalents	9,167
Trade and other receivables	9,251
Exploration and evaluation assets	356,229

Liabilities

Trade and other payables	14,647
Value of net assets acquired	<u><u>360,000</u></u>

Consideration

Equity consideration	7	360,000
Transaction costs		<u>-</u>
Total consideration		<u><u>360,000</u></u>

10. DIVIDENDS

No dividends have been declared or paid since the start of the financial period and none are recommended.

11. COMMITMENTS & CONTINGENCIES

There are no new commitments, other than those that existed as at 31 December 2016 that the Company has entered into during the period under review.

Half Year Financial Report

For the half year ended 31 December 2016

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the Period on 7 March 2017 the Company advised it had received the necessary approvals and drilling permits to undertake a drilling campaign at the Company's 100% owned Cancet and Adina Lithium Projects in Quebec, Canada. The Company is planning to commence a 4,000m diamond core drilling program at Cancet in the coming weeks with a view to quantify potential resources. A program that includes 2,000m of diamond core drilling is also planned at Adina which is expected to commence during May 2017.

Corporate

On 7 December 2016 the Company lodged a replacement prospectus to raise up to \$5,500,000 by way of issuing up to 27,500,000 shares at an issue price of \$0.20 per share (the **Offer**). Subsequent to the Period on 22 February 2017 the Company was admitted to the official list of ASX following successful completion of the Offer and raising of \$4.3 million. In addition the Company issued the following securities:

- (a) 6,900,000 fully paid shares to Mr Glenn Griesbach and Ms Junita Tedy-Asihto in part consideration for the acquisition of the Terre des Montagnes Lithium Project, the Kapiwak South Lithium Project, the Sirmac-Clapier Lithium Project, the Wells-Lacourciere Lithium Project, and the Terre des Montagnes Southwest and Southeast Lithium Projects;
- (b) 2,500,000 unquoted options exercisable at \$0.25 on or before the date which is 3 years from the date of issue to Everblu Capital Pty Ltd in accordance with the lead manager mandated dated 22 June 2016;
- (c) 3,300,000 unquoted options exercisable at \$0.25 on or before the date which is 3 years from the date of issue to unrelated parties;
- (d) 1,000,000 shares to Lithium Australia NL in accordance with the Technology Letter Agreement dated 11 October 2016 as outlined in the Offer.

Other than the above, there have been no other matters or circumstances which have arisen since 31 December 2016 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2016, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2016, of the Company.

Half Year Financial Report
For the half year ended 31 December 2016

13. RELATED PARTY

(a) Loans with Key Management Personnel

Talos Mining (Mr Russel Moran – Executive Director, appointed 25 May 2016)

Talos Mining Pty Ltd, a company of which Mr Russell Moran is a Director and Shareholder, provided a loan to the Group for short-term working capital purposes. A loan balance has arisen between MetalsTech Ltd and Talos Mining Pty Ltd because of this. Movements in the loan account during the half year are as follows:

	Consolidated 31 Dec 2016 \$	Consolidated 30 June 2016 \$
Opening balance receivable due to/(payable by) the Group	-	-
Loan proceeds received	30,000	-
Total payable by the Group	30,000	-

The loan is non-interest bearing and has no set date of repayment.

(b) Other Transactions with Key Management Personnel

Shares were granted to directors (or related parties) during the period as part of the asset acquisition as set out in Note 9.

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Mrs Rachel D’Anna (Non-Executive Director from 25 May 2016, resigned 5 November 2016)

Rachel D’Anna received shares as part of the consideration for the asset acquisition of LiGeneration by MetalsTech during the period. Rachel received 1,500,000 shares to acquire the full equity balance held in LiGeneration at the date of acquisition which had a fair value of \$150,000 based on the latest share issue at \$0.10.

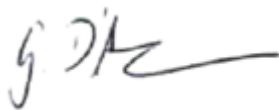
DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 16 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- (b) There are reasonable grounds to believe that MetalsTech Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors



Gino D'Anna
Executive Director
16 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MetalsTech Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MetalsTech Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Metalstech Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MetalsTech Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MetalsTech Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, stylized 'BDO' logo.

Dean Just

Director

Perth, 16 March 2017