

September 2017 Quarterly Activities Report

MetalsTech Limited (ASX: MTC) is pleased to report its activities on its 100%-owned Cancet Lithium Project in Quebec, Canada and its 100%-owned Bay Lake High-Grade Cobalt Project in Ontario for the quarter ended 30 September 2017.

Commenting on the quarterly activities, Executive Director Mr Gino D'Anna stated:

"Drilling completed at our Cancet project has demonstrated the project has the potential to host a very high-grade lithium deposit with mineralisation starting at surface. Metallurgical testing has demonstrated that Cancet has the potential to deliver a low-cost, world class operation. Subsequent to the end of the quarter, we entered into a binding agreement with Shenzhen Stock Exchange listed leading hi-tech fine chemicals manufacturer Wuxi Baichuan Chemical Industrial Co Ltd, China, to take a circa 10% stake in our Company. This is a significant validation for our projects and underpins the confidence in our strategy."

Highlights:

Cancet Lithium Project

- Phase I drilling campaign completed in March 2017 indicated a shallow high-grade deposit at Cancet – a mineralised **strike length of 1.2km** has been identified and remains open in both directions
- Field exploration program completed at Cancet during the quarter - uncovering a large pegmatite outcrop ~1km east and along strike of known pegmatite
- During the quarter, the Company commenced the first part of its planned Phase II drilling program – **results from the drill program are expected in the next week**
- Additional **down dip / plunge extensions and infill drilling** was completed as part of the first half of the Phase II program to ensure internal management targets for tonnage are met
- The balance of the Phase II drilling program will commence in early January 2017 with the aim to delineate a maiden JORC resource and underpin a scoping study – **this will signify a major milestone for Cancet and solidify offtake discussions**
- An independent Exploration Target in compliance with NI 43-101 has been commissioned for the Cancet Project with the **results expected to be reported within the next two weeks**
- Ground magnetic surveys have been completed at Cancet highlighting **additional pegmatite structures** that will be drill tested in future campaigns – **significant potential for mineralised strike extension**
- Advanced drill-core metallurgical test work identified the Cancet pegmatite as being a **primary spodumene** pegmatite (98% spodumene) with low levels of impurities and a coarse-stubby spodumene crystal structure



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Board of Directors

Executive Chairman - Russell Moran
Executive Director - Gino D'Anna
Non-Executive Director - Shane Uren
Non-Executive Director - Michael Vellella

Projects

Cancet	100% owned
Adina	100% owned
Terre Des Montagnes	100% owned
Wells-Lacourciere	100% owned
Kapiwak	100% owned
Sirmac-Clapier	100% owned
Bay Lake	100% owned

- Testing by tier 1 WA-based laboratory NAGROM has demonstrated that using a simple DMS process, Cancet is able to achieve high lithium deportment ratios from low relative mass feed indicating potential for a **low CAPEX and OPEX operation**
- Cancet spodumene concentrate is a **coarse-grain product** at a grind size of 10mm and is highly sought after by offtake customers – **offtake discussions are progressing**
- Cancet is located adjacent to **key infrastructure** and mining services including power, water, gas and road
- Negotiations are currently underway for the Company to **expand its landholdings** within the Cancet project area

Adina Lithium Project

- During the quarter, a maiden 2,000 m diamond core drilling program was designed at Adina – **planned start for the drilling is expected in November 2017**
- Drilling campaign designed to test the strike, dip, and plunge continuity of pegmatite, believed to be part of a large continuous lithium rich ore body
- Previous rock sampling at Adina has produced results >3% Li₂O with the mineralisation starting at surface
- Permitting for the drilling program is complete and all approvals are in place

Terre des Montagnes Lithium Project

- Geological evaluation and review of historical exploration data occurred during the quarter with planning underway for the Phase I exploration campaign
- Key licences have been renewed with all licences remaining in good standing
- Negotiations currently underway with project vendor to vary the terms of the original acquisition agreement – **this will reduce the onerous nature of the agreement and simplify the ownership structure for MTC providing for a lower cost of exploration and ownership**

Kapiwak Lithium Project

- Kapiwak is made up of two separate project areas and is **surrounded on the north and south extents by the James Bay Lithium Project**, owned by Galaxy Resources Limited (ASX: GXY)
- The Company notes that Galaxy has recently completed drilling at its James Bay project and has successfully intersected high grade lithium mineralisation in the drill core, increasing the number of pegmatite swarms identified
- Planning is underway for the Company to complete an **initial field mapping and sampling program** designed to target surface mineralisation and better define the geological structure

Bay Lake Cobalt Project

- Sampling program at Bay Lake Cobalt Project confirmed the presence of high-grade cobalt mineralisation at surface:
 - 1.17% Co and 7.7g/t Ag recovered from a surface “dump” pile at the Van Chester (Last Chance) Prospect
 - 0.40% Co recovered at the historic Price Prospect exploration pit where historic sampling of a surface “dump” pile returned 2.14% Co, 0.11% Cu, 0.48 g/t Au and 1,740g/t Ag
 - 0.61% Co, 0.34% Co and 0.15% Co were recovered surrounding the historic Bay Lake exploration shaft where in-vein sampling of the cobaltite vein below ground assayed 15.36% Co
 - 3.45g/t Au and 44.5g/t Ag also recovered around the Bay Lake exploration shaft and pit, suggesting potential for Co-Ag-Au in the area
- Strategic expansion of Bay Lake project through acquisition of West Cobalt and Van Chester Cobalt Projects – an additional 10 contiguous mineral claims in a highly prospective Ag and Co-rich geological domain
- MTC exploration has confirmed excellent high-grade cobalt potential in new areas

iCobalt Limited Spin Out

- Planning is underway for the spin out of the Bay Lake Cobalt Project into a new ASX listed, cobalt focused exploration company – **spin out planned for completion during first half of 2018**
- The search for an appropriate Managing Director is continuing with several candidates interviewed for the role
- Additional high-grade cobalt projects are currently undergoing technical evaluation with a view to being acquired under option prior to spin out
- Listing structure, pricing and offer details are currently being finalised and will be announced once complete – **MTC shareholders will be entitled to a priority offer allocation**

Attendance at Chinese Lithium-ion Battery Conference in Shantou

- The Company will be attending the Chinese Lithium-ion battery conference in Shantou, China – **this will provide MTC with significant exposure to additional end-user groups in China involved in the battery industry**
- The conference runs from 22 November to 25 November



Completion of Private Placement

- Subsequent to the end of the quarter, MTC completed a heavily oversubscribed placement to sophisticated and institutional investors via the issue of 4,200,000 fully paid ordinary shares at an issue price of \$0.18 per share to raise a further \$756,000 using the remaining ASX LR 7.1 placement capacity managed by Alto Capital

Leading Chinese Chemicals Manufacturer takes Strategic Stake

- The Company entered into a binding agreement with Wuxi Baichuan Chemical Industrial Co Ltd (BCC)
- BCC to participate in a circa 10% Cornerstone Placement by subscribing for 10,000,000 MTC shares at a price of \$0.18 per share to raise \$1,800,000 subject to 12 months' escrow
- MTC to facilitate BCC share accumulation strategy by introducing third party shareholders (and advisors) for the acquisition of up to a further 5,000,000 MTC shares through on-market and off-market purchases
- If BCC increases its share ownership to >15% BCC will be entitled to an MTC board seat
- MTC and BCC to work in good faith to negotiate a project-level equity investment at its projects
- Strategic funding deal allows MTC to:
 - continue resource definition and feasibility studies at its Cancet Lithium Project;
 - commence maiden drilling at the nearby Adina Lithium Project where surface samples have reported >3% Li₂O at surface; and
 - explore plans for a lithium carbonate and hydroxide beneficiation plant within Quebec to process spodumene concentrate from MTC's projects

Corporate

- As at 30 September 2017, the Company had cash on hand of \$737,000
 - a further \$756,000 has been raised pursuant to the private placement
 - share subscription from BCC for a further \$1.8 million
- The Annual General Meeting of the Company will be held on 24 November 2017 at 11.30 am (WST)

ENDS

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Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning MetalsTech. 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 MetalsTech 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.

Competent Person Statement

Bay Lake Cobalt Project

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Neil McCallum, PGeo, is a Competent Person who is a Professional Geologist registered with the Association of Professional Geologists of Ontario, in Canada. Mr. Neil McCallum, PGeo, is an employee of Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, MetalsTech Limited. Mr. Neil McCallum 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. Neil McCallum consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Mr. Neil McCallum has reviewed the historical exploration results that are contained in this announcement and has validated the source of the historical information. Mr. Neil McCallum is satisfied with its inclusion in the form and context in which it appears in this announcement.

Cancet Lithium Project

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. Darren L. Smith, P. Geol., a Competent Person who is a Professional Geologist registered with L'Ordre des géologues du Québec, in Canada. Mr. Darren L. Smith, P.Geol, is an employee of Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, MetalsTech Limited. Mr. Darren L. Smith 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. Darren L Smith consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Metallurgical Testing

The information in this announcement that relates to metallurgy and metallurgical test work has been reviewed by Mr Noel O'Brien, FAusIMM, MBA, B. Met Eng. Mr O'Brien is not an employee of MetalsTech, but is employed as a contract consultant. Mr O'Brien is a Fellow of the Australasian Institute of Mining and Metallurgy, and he has sufficient experience with the style of processing response and type of deposit under consideration, and to the activities undertaken, to qualify as a competent person as defined in the 2012 edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr O'Brien consents to the inclusion in this report of the contained technical information in the form and context as it appears. Mr O'Brien meets the requirements to act as a Qualified Person.

