



METALSTECH LTD

ACN 612 100 464

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2018

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Half Year Financial Report

31 December 2018

CORPORATE INFORMATION

Directors & Officers

Mr. Gino D’Anna
Mr. Russell Moran
Mr. Quinton Hills

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

Joint Company Secretaries

Mr. Gino D’Anna
Mr. Paul Fromson

Registered Office

Suite 1
44 Denis Street
Subiaco WA 6008

Bankers

Commonwealth Bank of Australia
150 St Georges Terrace
Perth WA 6000

Stock Exchange

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

Auditors

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

Australian Company Number

ACN 612 100 464

Share Registry

Securities Transfers Registrars
770 Canning Highway
Applecross WA 6153

Australian Business Number

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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 HALF YEAR ENDED 31 DECEMBER 2018

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 2018 (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. David Riekie (resigned 10 September 2018)
Mr. Quinton Hills (appointed 13 September 2018)

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 and cobalt exploration.

Financial results

The financial results of the company for the period ended 31 December 2018 are:

	31-Dec-18	30-Jun-18
Cash and cash equivalents (AUD \$)	440,535	1,526,761
Net assets (AUD \$)	10,816,975	11,186,492

	31-Dec-18	31-Dec-17
Total revenue (AUD \$)	4,489	3,861
Net loss after tax (AUD \$)	(475,289)	(2,831,629)

REVIEW OF OPERATIONS

OVERVIEW

During the half-year ended 31 December 2018, MetalsTech entered into an agreement with TriOrigin Exploration Ltd to acquire the Bay Lake North Cobalt Project, which is contiguous with the Company's existing Bay Lake Project, west of the town of Cobalt in Ontario, Canada. Shortly following completion of the acquisition, the Company completed a targeted maiden diamond drilling program at Bay Lake North.

In addition, the Company was awarded its drilling permit for the Rusty Lake Cobalt-Nickel-Silver Mine where drilling commenced on 1 October 2018. Drilling was completed at Rusty Lake around 16 October 2018, however the assay results have not been received by the Company, as a result of a disagreement between the Company and its geological consultants. Based on a preliminary assessment of the drilling at Rusty Lake, the Company believes that whilst the targeted geological structures have been intersected, the thickness of the intervals is not wide enough to demonstrate a potentially economic zone.

METALSTECH LIMITED
DIRECTOR'S REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

MetalsTech also completed exploration at its Cancet Lithium Project, staking claims for an additional 7,600 Ha after discovering a well-mineralised spodumene-bearing boulder northeast of the main Cancet prospect area. Total strike considered prospective for pegmatite at Cancet has now been extended to in excess of 6 km, which has reasonable potential to be spodumene bearing.

The Company is progressing its discussions with various parties in relation to the sell-down of both the lithium portfolio and the cobalt portfolio, despite difficult market conditions and a softening of the commodity prices. The Board believes that securing a non-dilutionary form of funding, such as a sell-down, will provide a means of improving returns on shareholder equity. In addition, the Board is actively evaluating a number of opportunities for acquisition, both within North America and globally.

We look forward to updating shareholders in due course.

Board and management changes were made during the half-year with the departure of Mr David Riekie as Managing Director and Ms Cherie Leeden as VP Exploration - Cobalt. Dr Quinton Hills was appointed to the Board of the Company as Technical Director with oversight of the exploration activities.

During the period, the Company lodged applications for refunds pursuant to the Quebec Government Mineral Exploration Rebate Initiative and Provincial and Federal input tax refunds, as follows:

- CAD\$1,076,596 (A\$1,164,391) refund application lodged pursuant to the Quebec Government Mineral Exploration Rebate Initiative
- CAD\$202,067 (A\$218,545) refund application lodged pursuant to the Federal GST Scheme and Quebec Provincial Sales Tax
- Further CAD\$688,027 (A\$744,134) refund applications lodged in respect of the Company's subsidiary entities

In addition to cash reserves, the refunds will ensure the Company is well funded for current and future exploration plans while we continue our sell-down process in respect of our lithium assets.

It is important to acknowledge that despite a tough year for the Company, we have a very tight shareholder register and we are advantaged by a significant sum of pending Government cash refunds. Present poor market conditions are expected to provide opportunities for low-cost, high-quality acquisitions, and this is a core focus for the Board.

HIGHLIGHTS

- Acquired Bay Lake North Project in Ontario, Canada, contiguous with MTC's existing Bay Lake claims
- Completed a maiden diamond drilling program at Bay Lake North comprising of 8 holes for 1,200m
- Completed a maiden diamond drilling program at Rusty Lake Project, targeting mineralisation along strike and down dip/plunge of historic mining development
- Received drilling permits for Bay Lake Project, where MTC proposes to target the Inception, Memento and Vanchester prospects
- Completed OTV-ATV survey and rock sampling at Cancet Lithium Project, Quebec
- Discovered a spodumene-bearing boulder which returned results of 1.32% Li₂O and 1.33% Li₂O from sampling
- Staked claims for an additional 7,600ha at Cancet, taking the project to more than 20,000ha
- Initial exploration of Gladman, Lac Rocher and Sirmac-West projects completed
- Appointed Dr Quinton Hills as Technical Director

ACQUISITION OF BAY LAKE NORTH COBALT PROJECT

During the period, the Group completed the acquisition of the Bay Lake North Cobalt Project. Bay Lake North (BLN) is located approximately 15 km west of the town of Cobalt and comprises of 51 exploration licenses, covering approximately 10,600 hectares.

BLN has been the subject of both historic and recent exploration by Tri Origin and others, however previous exploration has focused on base and precious metals. Assaying for cobalt did not occur in previous campaigns.

The project has received no known modern exploration for cobalt despite boasting compelling geology that locally hosts cobalt mineralisation. BLN is underlain by Proterozoic sedimentary rocks and Nipissing diabase sills which are the primary host rocks for cobalt mineralisation in the Cobalt area.

Within BLN there are several small historical pits and shafts that boast traces of visible cobalt on the surface. These historical workings were sampled by the MTC exploration team. TOE previously completed aeromagnetic surveys, which assisted MTC in early assessment and confirmation through preliminary reconnaissance work such as rock chip sampling and mapping. This work led to the identification of three prospects, known as Sixth Sense, Basic Instinct and Mother.

The three prospects were systematically appraised via a combination of soil sampling and detailed geological mapping by the MTC field team and drill targets were defined.

Figure 1 below shows the location of the exploration license package and also outlines the proximity and scale of the exploration license land packages of MTC and compared to other regionally significant ASX and TSX explorers.

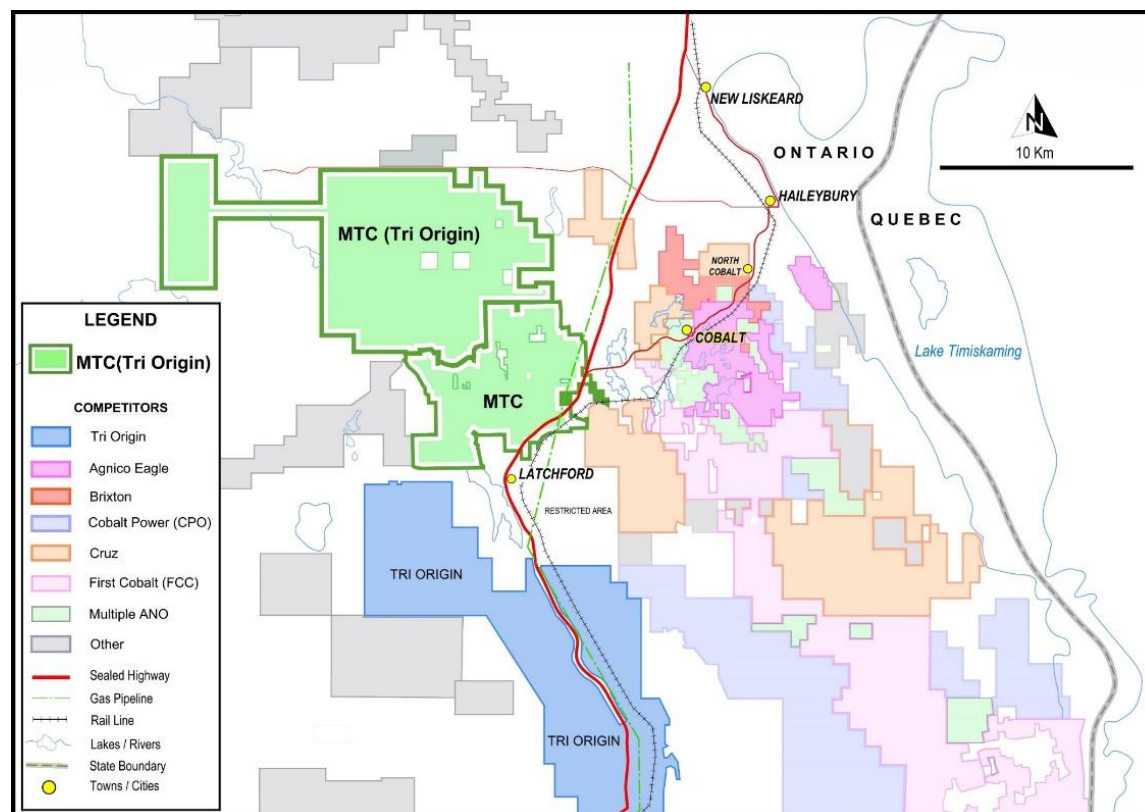


Figure 1: Regional overview of selected cobalt explorers in Cobalt Ontario and outline of MTC's new ground holding

COMPLETION OF MAIDEN DIAMOND DRILLING PROGRAM AT BAY LAKE NORTH COBALT PROJECT

During the period, the Group completed a maiden diamond core drilling program on the Company's Bay Lake North (BLN) cobalt project, located in Ontario, Canada. These BLN prospects, which includes Sixth Sense and Basic Instinct prospects are shown in Figure 2 below.

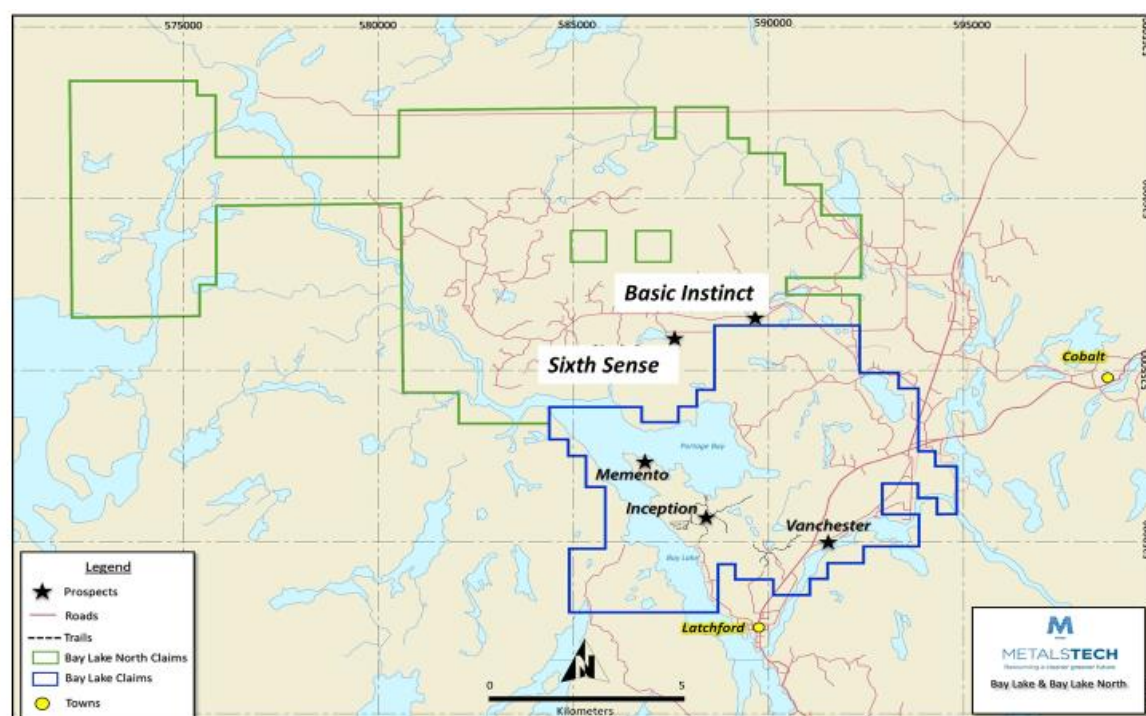


Figure 2: Initial BLN drill targets Sixth Sense and Basic Instinct and prospects at Bay Lake

The drilling program comprised of eight (8) drill holes for approximately 1,200m of diamond core drilling. Core processing, geological logging of the holes and down-hole geophysical surveying of the holes was also completed on site.

The assay results from the maiden diamond drilling program at the Bay Lake North Cobalt Project were also received during the period. Four (4) drill holes intersected narrow mineralised zones and were assayed for a multi-element suite. The remaining four (4) holes were also assayed for a multi-element suite, however the assay results did not indicate any significant mineralised intersections.

Whilst the drilling intersected the targeted fault / vein structures, it is interpreted from the assay results that the zones which were drilled lack the geological scale and metal grades to be economic. This further indicates that the “feeder system” for the polymetallic mineralisation which has resulted in these mineralised zones is yet to be identified, and further exploration is required. Given the vast land position of the BLN project, there still remains exploration upside through drill testing the other high priority targets, such as Mother.

DRILLING PERMIT RECEIVED FOR RUSTY LAKE COBALT-NICKEL-SILVER MINE

During the period, the Group received the final drilling permits for a maiden diamond drill program at the Rusty Lake Cobalt-Nickel-Silver Mine prospect. Rusty Lake has demonstrated production of silver and cobalt from historic mining records providing drill ready targets and zones of prospectivity requiring follow up drilling.

Samples taken from historic waste dump indicate high grade mineralisation (refer to ASX Release titled "MetalsTech Completes Acquisition of High-grade Rusty Lake Cobalt-Silver Mine" dated 12 April 2018) including:

Sample #	UTM East	UTM West	Sample Type	Ag g/t	Co %	Ni %
Q297458	514888	5262346	Angular Boulder	>10000	11.85	2.97
Q297457	514888	5262346	Angular Boulder	>10000	9.92	3.93
Q297459	514908	5262419	Stockpile Grab (main shaft) - coarse	69.1	6.33	4.79
Q297454	514895	5262430	Stockpile Grab (main shaft)	3540	6.08	8.64
Q297456	514889	5262425	Stockpile Grab (main shaft)	38.9	6.04	1.6
Q297452	514879	5262356	Angular Boulder	44.4	5.65	0.48
Q297451	514879	5262356	Angular Boulder	19.4	5.08	0.44
Q297453	514896	5262428	Stockpile Grab (main shaft)	85.7	4.38	2.08
Q297460	514906	5262425	Stockpile Grab (main shaft) - coarse	34.8	3.8	3.93
Q297455	514896	5262423	Stockpile Grab (main shaft)	478	3.26	1.31
Q297461	514901	5262433	Stockpile (main shaft) - fines	402	0.84	0.4
Q297464	514881	5262364	Tailings (main shaft)	69.1	0.06	0.04
Q297462	514884	5262390	Tailings (main shaft)	63	0.03	0.01
Q297463	514882	5262377	Tailings (main shaft)	48.5	0.03	0.01

Table 1: Rusty Lake Cobalt-Silver-Copper Mine – Historical Assays (May 2017)

Drilling was planned to test the depth and strike extensions of the historically mined mineralisation, which is thought to have been exploited to a vertical depth of approximately 50m and for a strike length of approximately 200m. The majority of the proposed drill pads were planned to allow for two drill holes to be completed at different angles to test the depth extent of the vertical mineralised zone. Drill holes were planned to intersect mineralisation below historical mine shafts (Figure 5 below). An initial drilling program of 1,250m was designed, which could be extended further to test for additional mineralisation along strike as well as down dip / plunge. The initial program covered approximately 400 metres of strike length, however the prevalence of previous historical workings including costeans, trenches and shafts indicates the presence of more than 1.5 km of potential strike.

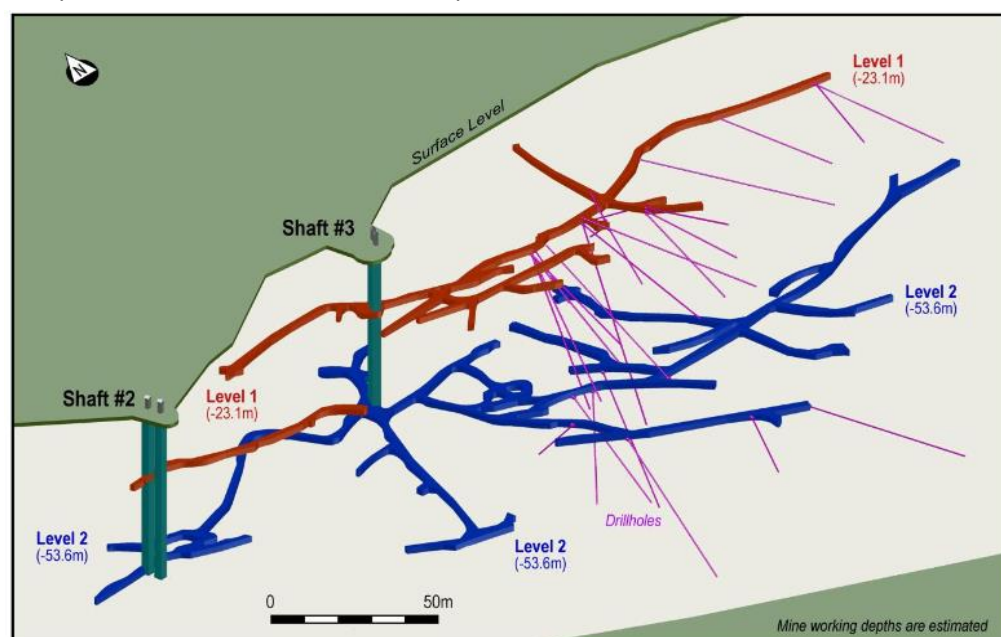


Figure 3: Historic Mine Workings at Rusty Lake Mine – illustrative purposes only, based on historic records

COMPLETION OF DIAMOND DRILLING PROGRAM AT THE RUSTY LAKE COBALT-NICKEL-SILVER MINE

During the period, MetalsTech also completed a maiden diamond drilling program at the Rusty Lake Cobalt-Nickel-Silver Mine prospect, located in Ontario, Canada. Drilling was completed at Rusty Lake around the 16th of October 2018, however the assay results have not been received by the Company, as a result of a disagreement between the Company and its geological consultants. Based on a preliminary assessment of the drilling at Rusty Lake, the Company believes that whilst the targeted geological structures have been intersected, the limited drilling program undertaken has not intersected those mineralised zones which could be interpreted as a potentially economic interval. The drilling undertaken was severely limited in terms of step out along strike and depth of drill holes, so significant exploration upside remains to better understand the mineralisation underneath the old mine workings and along strike of the old mine workings.

Drill collar locations are shown in Figure 6 below.

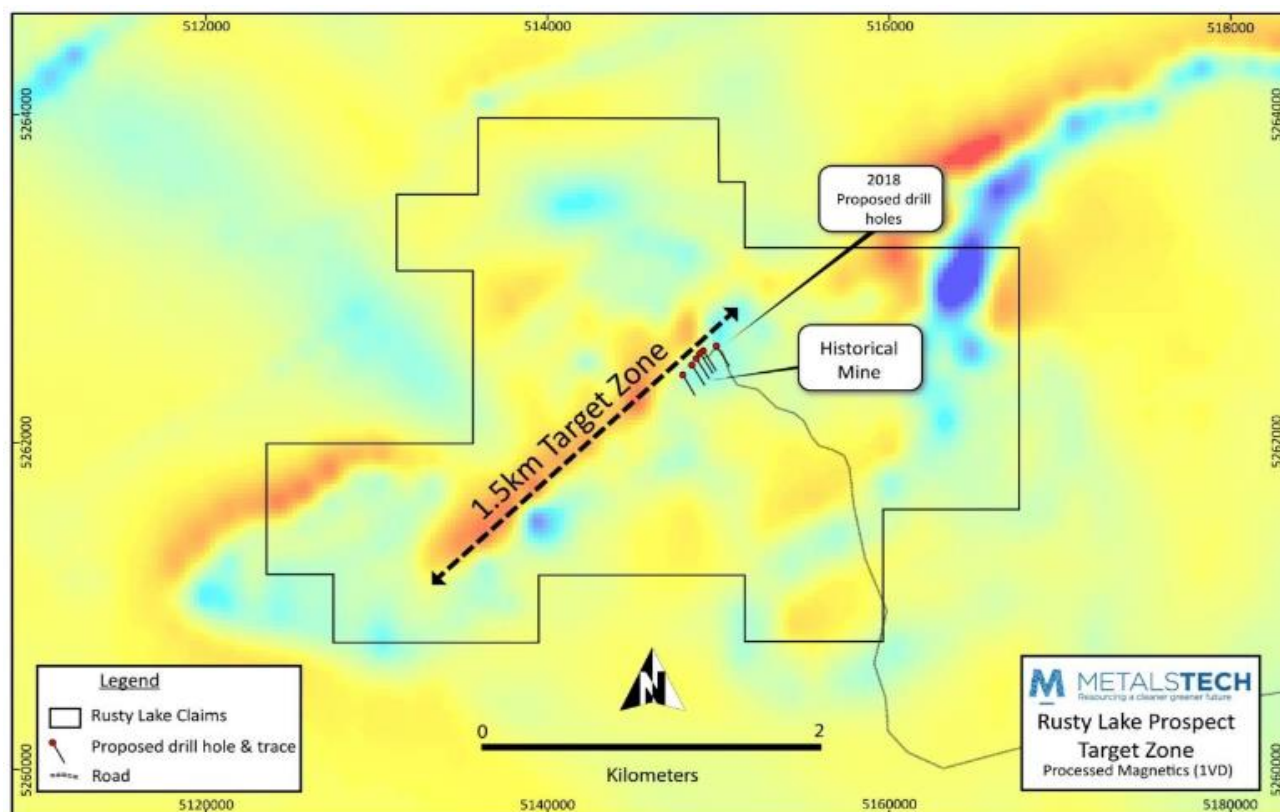


Figure 5: Phase 1 Drill Collars & Trace overlain over Magnetic Geophysical Survey

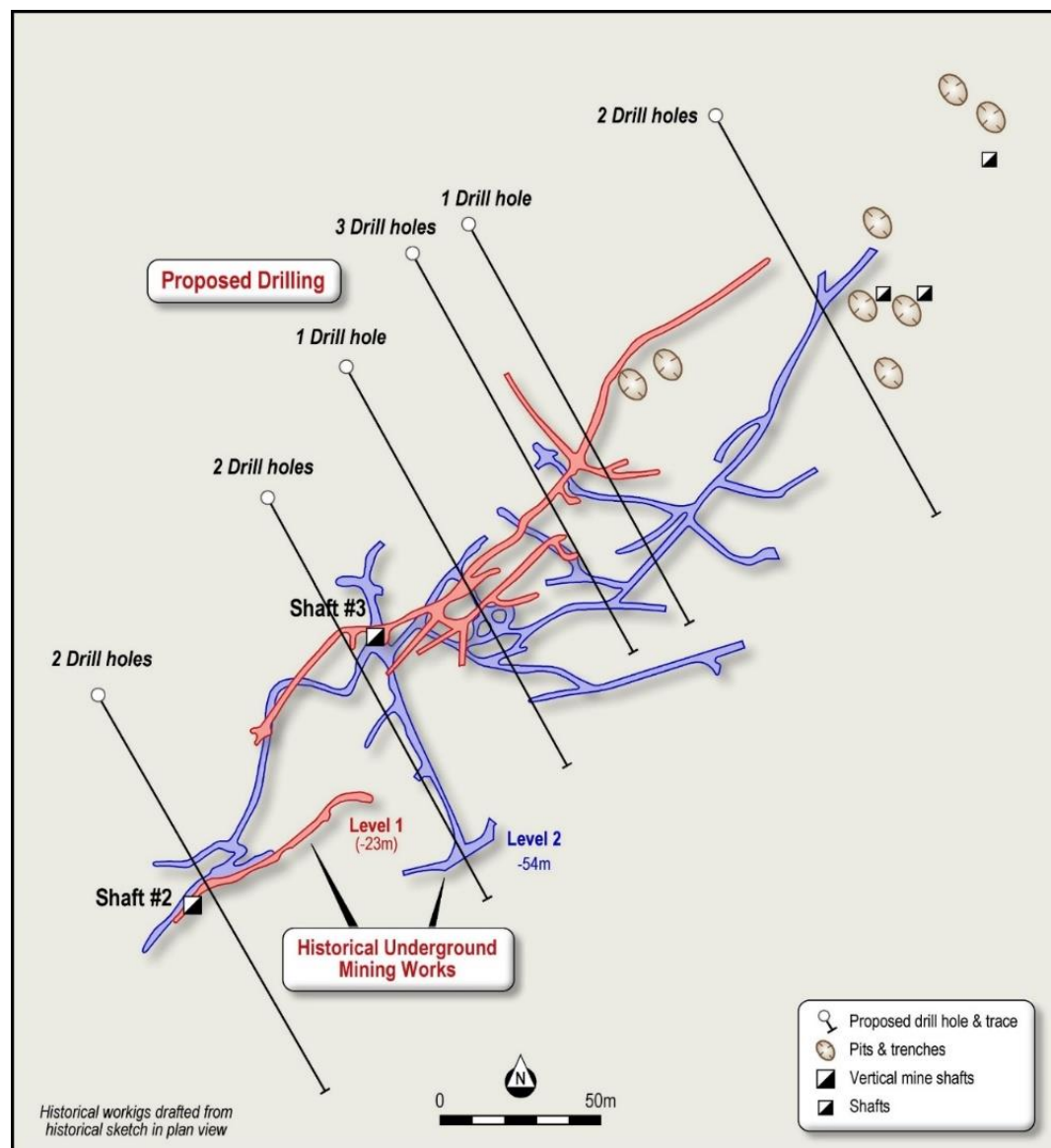


Figure 6: Proposed drill hole traces over historical workings

DRILLING PERMIT RECEIVED FOR BAY LAKE COBALT PROJECT

During the period, the Group received its final drilling permits for the Bay Lake Cobalt Project. Soil sampling in conjunction with detailed prospect scale geological mapping completed by the Company earlier this year has identified three priority drill targets at the Bay Lake Cobalt project.

These include Memento, Inception and Vanchester shown in Figure 7 below.

Based on a re-interpretation of the data from the Electromagnetic (EM) airborne geophysical program completed by the Company during 2017, there appears to be a strong correlation between the geophysical anomalies and the mineralisation which has been identified at the Memento, Inception and Vanchester cobalt prospects. A drilling program has been designed to test these targets, with an initial 1,000 - 1,500m of diamond core drilling for approximately ten (10) drill holes being planned, but not yet completed (see Figure 9 below).

METALSTECH LIMITED
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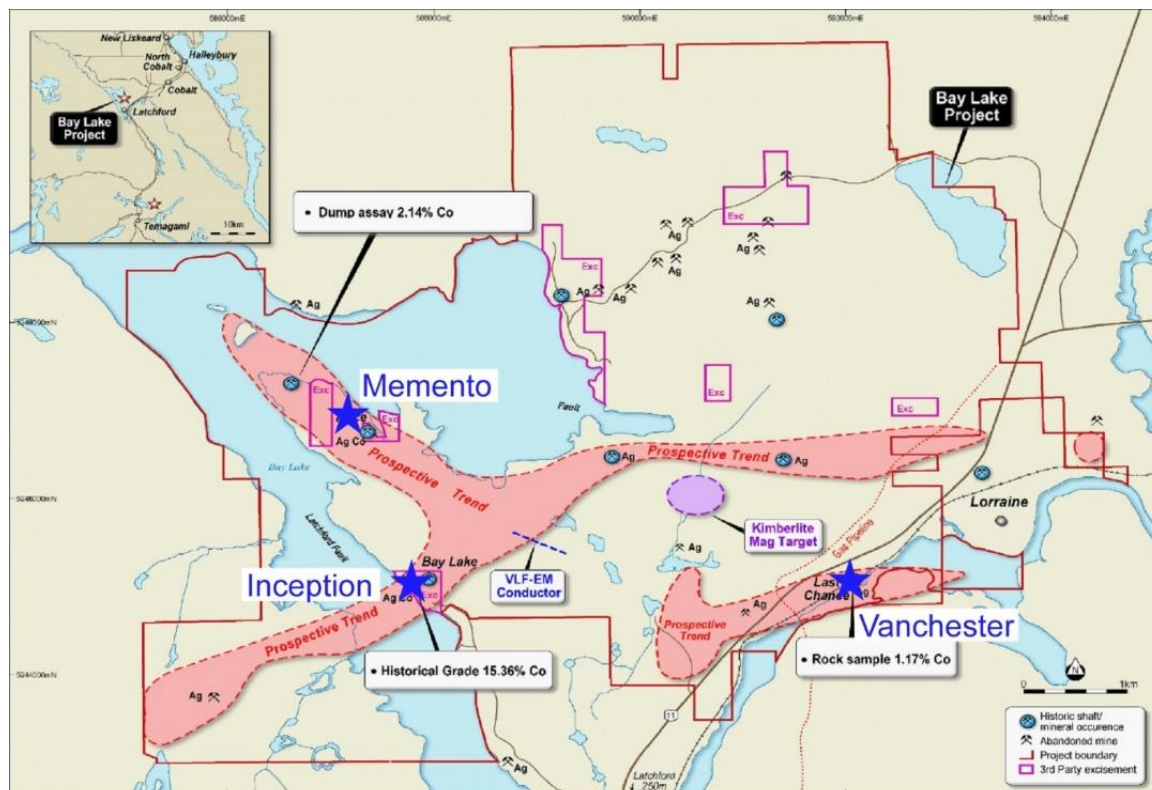


Figure 7: General location of initial prospects, Memento, Inception and Vanchester



Figure 8: Cobalt samples from Vanchester

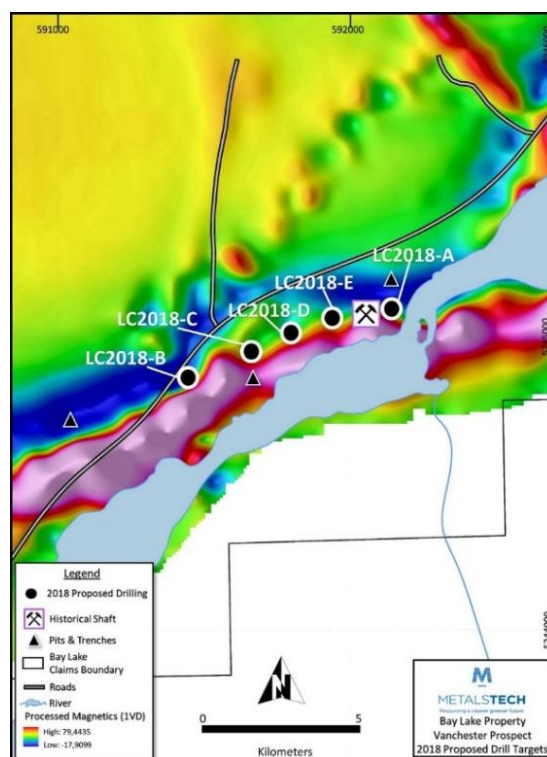


Figure 9: Proposed drill hole locations at Vanchester Prospect over magnetics data depicting a correlation between the mineralisation occurring at mag high/low contact zones

CANCET LITHIUM PROJECT EXPLORATION PROGRAM

During the period, the Group completed a field-based exploration program at Cancet, recognised as the most advanced lithium asset in the Company's lithium portfolio, with a total of 59 drill holes for 5,216 m of diamond core drilling completed to date.

Cancet contains a well-mineralized spodumene-bearing pegmatite that is not presently geologically constrained, hosting significant potential.

This was highlighted by drill holes MTC17-015 with 3.14% Li₂O and 284 ppm Ta₂O₅ over 18.00m, including 4.12% Li₂O and 118 ppm Ta₂O₅ over 5.0m and drill hole MTC17-021 with 2.24% Li₂O and 310 ppm Ta₂O₅ over 21.46m, including 3.50% Li₂O and 746 ppm Ta₂O₅ over 8.46m (refer to ASX Announcement dated 9 May 2017 for additional details).

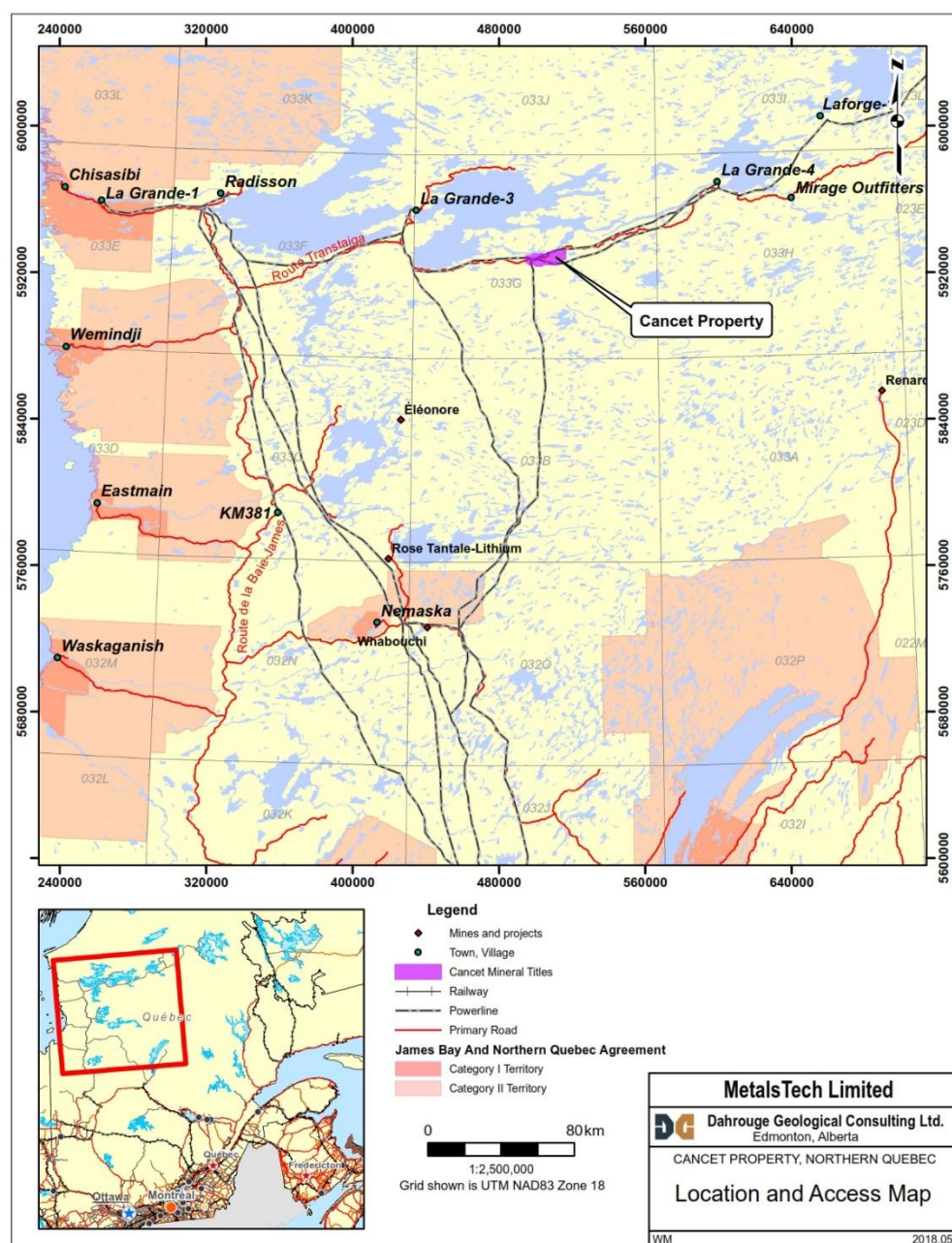


Figure 10: Cancet Lithium Project: Location and Access Map, Quebec (Canada)

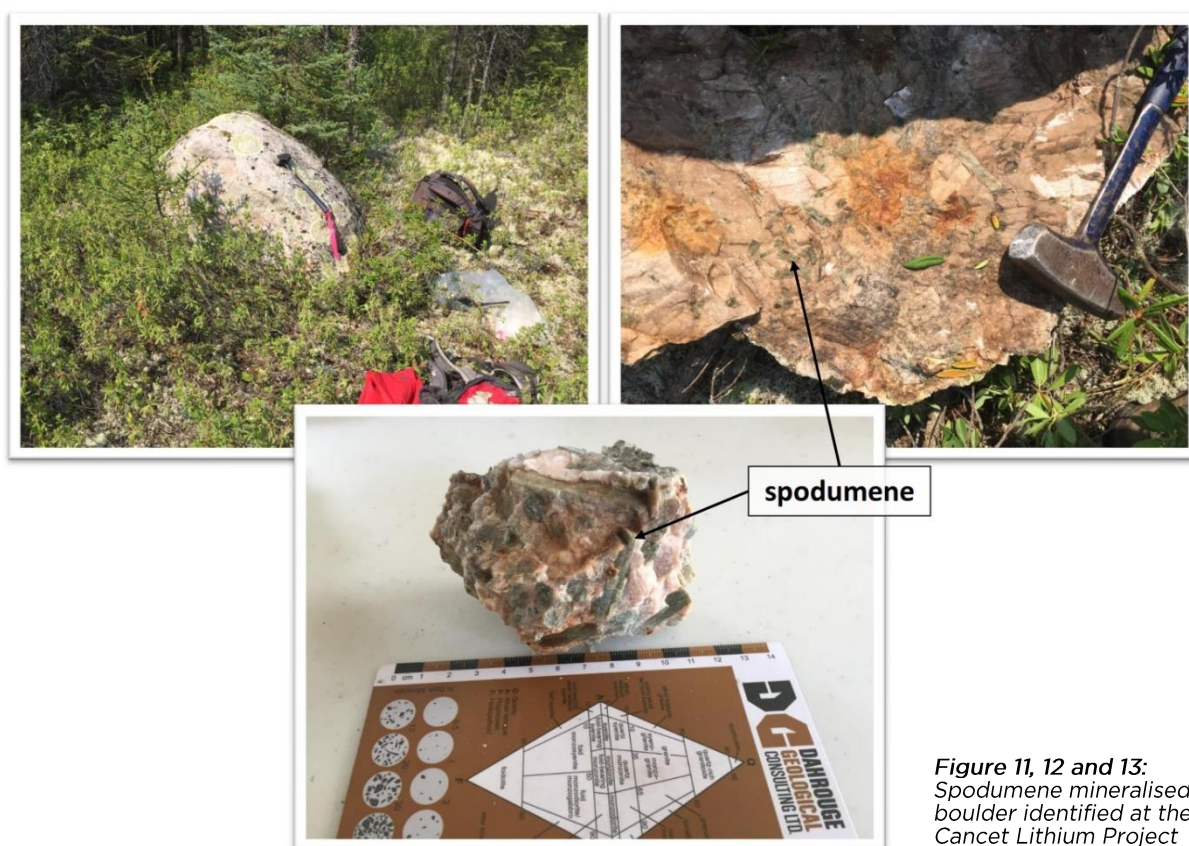
New Spodumene Boulder Discovery

During the field program completed by the Group, a well-mineralised spodumene-bearing boulder was discovered to the northeast of Cancet. The boulder was visually estimated to have an average modal spodumene content of ~20%.

Analysis of the samples collected was completed by ALS Laboratories and returned results of 1.32% Li₂O for Sample 129644 and 1.33% Li₂O for Sample 129645. The field geologists have confirmed that these results are representative of the entire boulder.

The images below illustrate the mineralised spodumene boulder that was recently identified at Cancet.

Spodumene-bearing Boulder



*Figure 11, 12 and 13:
Spodumene mineralised
boulder identified at the
Cancet Lithium Project*

The mineralised boulder has been described as rounded from glacial transport with approximate dimensions of 1.5m x 1m x 1m and is situated along strike to the northeast of the Cancet and eastern pegmatites at a distance of approximately 5.6km and 4.6km, respectively.

It is situated within approximately 1.9km of the northern claim border and 4.9km of the eastern claim border, which infers the source of the boulder is potentially on the current Cancet Property, however ice-direction and travel distance is difficult to interpret.

Based on regional glacial directions, the field geologists have interpreted that the source of the mineralised boulder is either to the northeast, east, or southeast.

The Group has only completed limited follow-up and it is planned to commence a subsequent field exploration program to comprise of detailed prospecting to determine the source of the boulder. However, as a direct result of the discovery, the Company's land position at Cancet was significantly expanded with the acquisition, via staking, of an additional 146 claims for a total of approximately 7,600ha.

The aerial extent of the landholding at Cancet now totals in excess of 20,000ha, all of which is interpreted to be prospective for spodumene mineralised pegmatites.

The newly staked ground comprises three claim blocks: Fin Block (18), North Block (24), and East Arm Block (104). The staking covers the ground which is considered most prospective to host the boulder's source, if not located on the original (i.e. main) Cancet Property block and represents an approximate 60% increase in land position for the Cancet Project.

The map below illustrates the location of the recently discovered mineralised spodumene boulder at Cancet and the relative proximity of the mineralised boulder to the existing drilled pegmatite at Cancet. Also illustrated on the map is the newly staked claim areas.

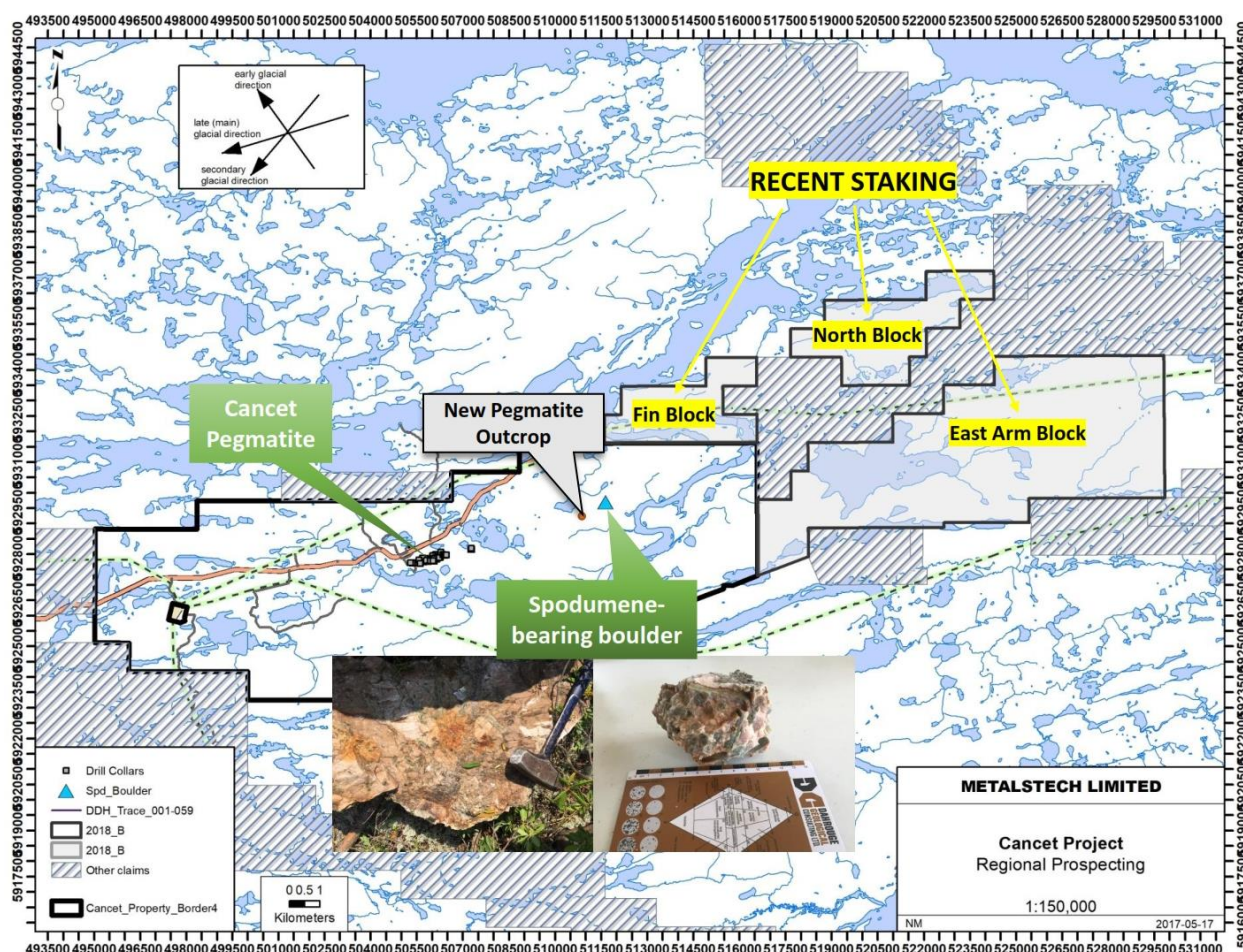


Figure 14: Location map of the recently discovered mineralised spodumene boulder at Cancet and the relative proximity of the mineralised boulder to the existing drilled pegmatite at Cancet. Also illustrated is the newly staked claim areas at Cancet

The new claim blocks host several targets of interest including historically mapped pegmatite occurrences, as well as potential pegmatite outcrop identified from satellite imagery. A detailed assessment of the claim blocks potential with target generation will be completed during the upcoming field exploration season.

A number of magnetic features have already been identified on the newly staked ground, as illustrated by Figure 15 below.

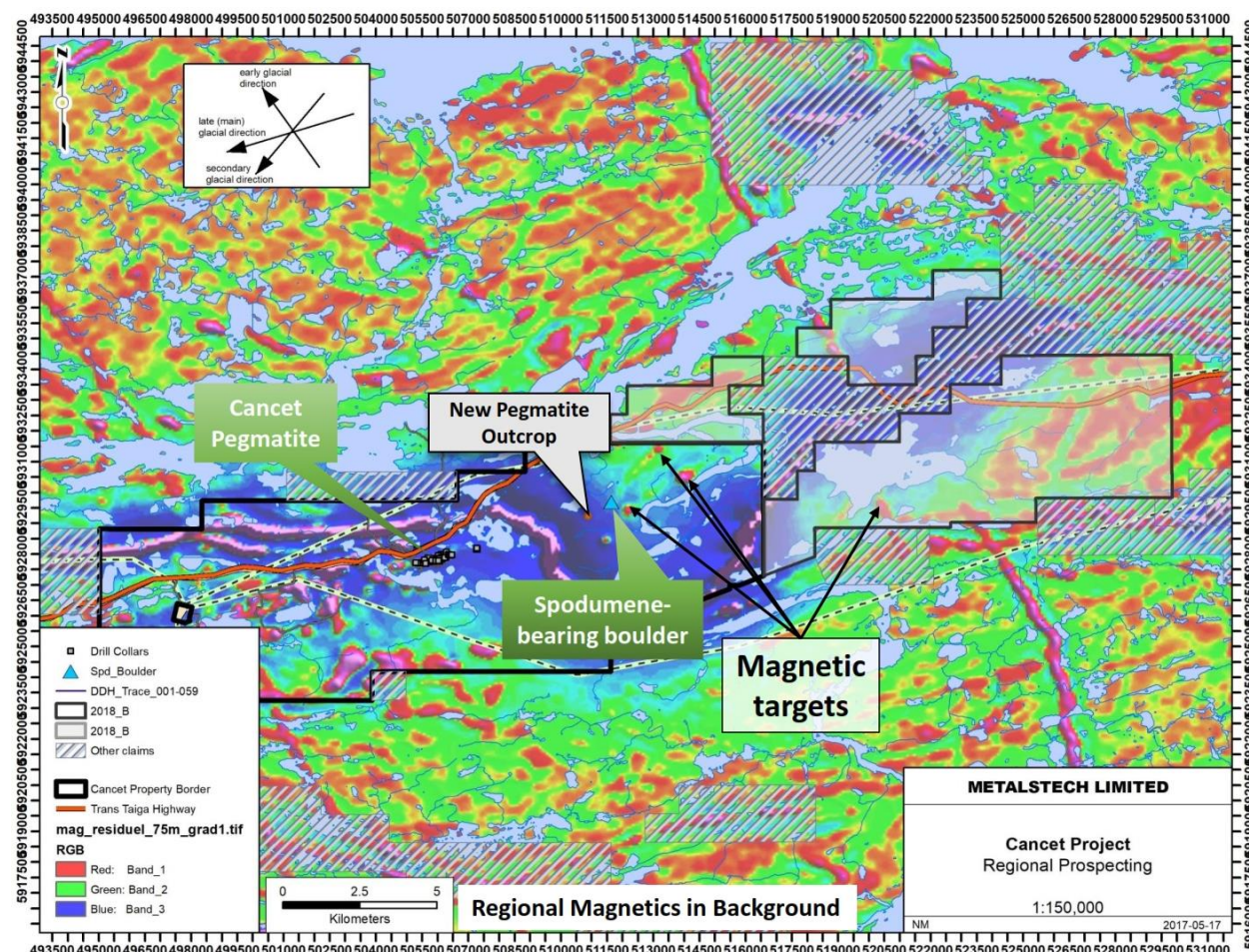


Figure 15: Location map illustrating the 2018 Discoveries and Additional Staking with a Magnetics Base Map

New Pegmatite Outcrop Discovery along strike of Cancet and Eastern pegmatites

During the 2018 field program, an additional pegmatite outcrop was discovered at the Cancet Project situated along strike to the northeast of the Cancet and Eastern pegmatites (discovered during the 2017 field program) at a distance of approximately 4.9 km and 3.9 km, respectively.

Refer to Figure 14 and 15.

The total strike considered prospective for pegmatite at Cancet has therefore been progressively extended to now be in excess of 6 km, which has reasonable potential to be spodumene bearing.

The newly discovered outcrop is hosted in gneiss with approximate dimensions of 1m wide x 3m exposed, however, is open to both sides.

The Company is currently planning its follow up exploration campaign on this recently discovered pegmatite outcrop. Various techniques will be considered for the next steps of exploration along trend, including trenching, soil surveys, ground mag surveys and till surveys.

Optical-Acoustic Televiewer Survey

In addition to this field program at Cancet, an Optical-Acoustic Televiewer (OTV-ATV) downhole survey was also completed. A total of eighteen (18) drill holes were surveyed by DGI Geoscience Inc. of Toronto, Ontario in order to provide an enhanced understanding of the structural controls of the mineralised horizons.

The downhole survey focussed on collecting information on joints, fractures, faults, orientations, as well as a high-resolution 360° digital image of the drill hole to assist with interpretation of structural orientation of the local geology.

The outcomes of the survey data will be used to support an update of the geological model for the Cancet mineralised body and support a Phase III step-out and infill drilling program.

Discussion of Cancet Results

Collectively, the known spodumene occurrences at Cancet, as well as the two new discoveries from the recently completed program, highlight the potential of the Company's land position in the area.

A corridor of up to 6km in length is now considered prospective for pegmatites, which has reasonable potential to be spodumene bearing. Of this distance, starting near the southwestern end, approximately 500m of the Cancet Pegmatite is well-mineralized with the vast majority of the corridor along strike to the northeast not evaluated.

In addition, the discovery of the new spodumene-bearing boulder is significant and indicates a source could be present on the main Cancet block. The boulder is rounded due to glacial transport and distance of travel is difficult to ascertain; however, a review of glacial movement in the region indicates that the source is to the northeast, east, or southeast. Although the distance of travel is not well constrained, the hard nature of pegmatite and the boulders roundness indicate at least a few kilometres is likely, and therefore, the Company has also expanded its land position to cover additional prospective ground in the up-ice direction. These claim blocks are called Fin, North, and East Arm and extend the Property by approximately 10km in the east-northeast direction, and therefore, holds a dominant land position in the up-ice direction of the mineralised boulder.

A more detailed review of the newly acquired claim blocks will be completed in the near-term including targeting for initial prospecting. Once assay data has been received a program can be further refined with the primary objective of tracing the mineralised boulder back to source. The LiDAR and Orthophoto coverage of the eastern end of the main Cancet Property block, that was flown in 2017 will also be considered, as it will assist with interpretation of the boulder source.

LITHIUM PROJECT PORTFOLIO SELL DOWN

During the period, the Group continued its discussions with prospective investors and potential development partners in respect of its hard rock lithium assets in Quebec.

The Group's various lithium projects cover large areas and are proximal to some globally significant lithium projects, which leads the Company to believe they have the potential to deliver one or more scaleable

projects in time. Notwithstanding this, the cost/risk/return profile is such that the Company believes development through partnership is the prudent strategy going forward at this time.

The discussions regarding the sell-down are ongoing with a number of interested parties currently in the data room. There has been a recent cooling in the price of spodumene concentrate and lithium-related chemicals which has affected the sell-down process, however we are confident that the long-term fundamentals are present for the lithium sector and that the Company can achieve a sell-down which will be value accretive for shareholders. The Company believes that a non-dilutive funding arrangement will be in the best interests of shareholders and will enable the Company to continue the exploration of its lithium portfolio, given the significant exploration upside that exists.

COBALT PROJECTS ONGOING DEVELOPMENT

The Group has engaged with active exploration and development companies in the Gowganda and Cobalt regions of Ontario (Canada) with a view to farming out the Group's Bay Lake and Rusty Lake Cobalt Projects. Given the size of the Bay Lake Project and the various targets that exist, the project will benefit from the technical experience of the other explorers in the region.

In addition, given the previous mining history at Rusty Lake, the Group is confident that other explorers in the area, with similar projects will be in a strong position to execute exploration strategies applying the knowledge already ascertained on neighbouring projects.

The Group will continue with these discussions in relation to securing suitable joint venture partner/s for the cobalt projects.

CORPORATE

Board and Management Changes

During the period, Managing Director Mr David Riekie and VP Exploration - Cobalt Ms Cherie Leeden departed after mutual agreed termination of their employment contracts. Directors Mr Gino D'Anna and Mr Russell Moran continued operational supervision of MetalTech's exploration programs.

In September 2018, MetalsTech announced the appointment of Dr Quinton Hills as Technical Director to oversee the continued exploration and development of its projects. Dr Hills is a qualified geologist and minerals industry executive with 15 years' experience in project generation, exploration and development in base, precious and tech metals in Australia, Botswana, Sweden and Finland.

UPDATE ON CANADIAN TAX REFUNDS AND TIMING

In addition to the exploration undertaken during the period, the Group lodged applications for refunds pursuant to the Quebec Government Mineral Exploration Rebate Initiative and Provincial and Federal input tax refunds:

- CAD\$1,076,596 (A\$1,164,391) refund application lodged pursuant to the Quebec Government Mineral Exploration Rebate Initiative
- CAD\$202,067 (A\$218,545) refund application lodged pursuant to the Federal GST Scheme and Quebec Provincial Sales Tax
- Further CAD\$688,027 (A\$744,134) in lodged refund applications expected in respect of the Company's subsidiary entities

METALSTECH LIMITED
DIRECTOR'S REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

To date, the Group has received approximately CAD\$260,000 in refund monies and expects to receive the balance of the refund monies during the first half of 2019. In addition to cash reserves, the refunds will ensure the Company is well funded for current and future exploration plans while we continue our sell-down process in respect of our lithium assets and the farm-out of our cobalt assets.

The Board is currently assessing and evaluating new project acquisition opportunities in the exploration and development sector, both within North America and globally, as well as across the commodity spectrum. We look forward to updating shareholders on the progress in due course.

It is important to acknowledge that the Company has a very tight shareholder register with no debt and we are advantaged by a significant sum of pending Government cash refunds. Present poor market conditions are expected to provide opportunities for low-cost high-quality acquisitions, and this is a core focus for the Board.

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 Group'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

The information in this announcement that relates to Exploration Results is based on information compiled by Dr. Quinton Hills Ph.D., M.Sc., B.Sc. Dr Hills is the technical director of MetalsTech Limited and is a member of the Australasian Institute of Mining and Metallurgy. Dr. Hills 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'. Dr. Hills consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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.

Legal Proceedings

The Company has received writs for claims made by former executives of the Company. The Company is defending the writs. In the event that the claims are successful the Company will have to pay amounts of approximately \$131,872. No amount has been recorded in the accounts for this amount.

Events Subsequent to Reporting Date

There have been no matters or circumstances which have arisen since 31 December 2018 that have significantly affected or may significantly affect:

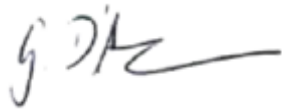
- a) The operations, in the period subsequent to 31 December 2018, of the Group, or
- b) The results of those operations, or
- c) The state of affairs, in the period subsequent to 31 December 2018, of the Group.

METALSTECH LIMITED
DIRECTOR'S REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found on page 18.

This report is made in accordance with a resolution of the Directors made pursuant to s.306(3) of the Corporations Act 2001.

A handwritten signature in dark ink, appearing to read 'G. D'Anna', with a long horizontal stroke extending to the right.

Gino D'Anna
Director
14 March 2019

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 2018, 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 entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2019

Half Year Financial Report

For the half year ended 31 December 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		December 2018 \$	December 2017 \$
Other income		4,489	3,861
Administration expenses		(92,680)	(87,926)
Advertising and marketing		(9,272)	(27,357)
Audit fees		(8,000)	(29,754)
Consulting and advisory fees		(63,070)	(64,260)
Corporate compliance		(30,774)	(37,694)
Depreciation		(4,103)	-
Directors fees	3	(183,700)	(302,454)
Employment costs		(93,236)	-
Exploration costs written off		(4,333)	-
Impairment – Exploration and Evaluation Expenditure	4	-	(2,200,000)
Legal Expenses		(28,174)	(18,924)
Occupancy costs		(21,516)	(23,347)
Project due diligence expenses		-	(1,092)
Travelling expenses		(26,510)	(42,682)
Unrealised gain/(loss)		85,590	-
Loss from continuing operations before income tax		(475,289)	(2,831,629)
Income tax expense		-	-
Loss from continuing operations after income tax		(475,289)	(2,831,629)
Other comprehensive loss for the period, net of tax			
Items that may be reclassified to profit or loss:			
Foreign currency translation		(4,642)	-
Total comprehensive loss for the period		(479,931)	(2,831,629)
Loss per share from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic and diluted loss per share		(0.41)	(3.33)

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 2018 \$	30 June 2018 \$
Current Assets			
Cash and cash equivalents		440,535	1,526,761
Trade and other receivables		41,885	283,092
Total Current Assets		482,420	1,809,853
Non-Current Assets			
Property, plant and equipment		22,661	26,764
Capitalised exploration and evaluation	4	10,944,892	9,644,796
Total Non-Current Assets		10,967,553	9,671,560
TOTAL ASSETS		11,449,973	11,481,413
Current Liabilities			
Trade and other payables	5	621,459	288,281
Provisions	6	11,539	6,640
Total Current Liabilities		632,998	294,921
NET ASSETS		10,816,975	11,186,492
EQUITY			
Contributed equity	7	14,120,782	14,010,415
Reserves		1,481,183	1,485,778
Accumulated losses		(4,784,990)	(4,309,701)
TOTAL EQUITY		10,816,975	11,186,492

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 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity	Share Based Payments Reserve	Options Premium Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$
Balance at 1 July 2018	14,010,415	596,668	889,110	-	(4,309,701)	11,186,492
Loss for period	-	-	-	-	(475,289)	(475,289)
Total comprehensive loss for the period	-	-	-	-	(475,289)	(475,289)
Transactions with owners in their capacity as owners:						
Issue of share capital	110,367	-	-	-	-	110,367
Share based payment expense	-	47	-	-	-	47
Foreign currency translation movement	-	-	-	(4,642)	-	(4,642)
Share capital raising costs	-	-	-	-	-	-
At 31 December 2018	14,120,782	596,715	889,110	(4,642)	(4,784,990)	10,816,975

	Contributed Equity	Share Based Payments Reserve	Options Premium Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$	AUD \$
Balance at 1 July 2017	6,217,161	3,019,867	671,060	-	(2,371,908)	7,536,180
Loss for period	-	-	-	-	(2,831,629)	(2,831,629)
Total comprehensive loss for the period	-	-	-	-	(2,831,629)	(2,831,629)
Transactions with owners in their capacity as owners:						
Issue of share capital	4,297,855	-	-	-	-	4,297,855
Recycle of share based payment reserve	-	(2,200,000)	-	-	2,200,000	-
Share based payment expense	-	216,000	70,650	-	-	286,650
Share capital raising costs	(328,939)	-	-	-	-	(328,939)
At 31 December 2017	10,186,077	1,035,867	741,710	-	(3,003,537)	8,960,117

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 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

	December 2018 \$	December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (including GST)	(313,247)	(754,946)
Interest received	4,489	1,286
Net cash outflow from operating activities	(308,758)	(753,660)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for exploration and evaluation expenditure	(756,393)	(1,301,916)
Payment for Property, Plant & Equipment	-	(11,486)
Net cash outflow from investing activities	(756,393)	(1,313,402)
Cash flows from financing activities		
Proceeds from issue of shares	-	3,644,876
Costs of capital raising	-	(248,270)
Net cash inflows from financing activities	-	3,396,606
Net increase/(decrease)in cash and cash equivalents	(1,065,151)	1,329,544
Exchange rate adjustments	(21,074)	(9,345)
Cash and cash equivalents at the beginning of the period	1,526,761	779,667
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	440,536	2,099,866

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 condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The interim 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 2018 and any public announcements made by Metalstech Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by MetalsTech Limited

A number of new or amended standards became applicable for the current reporting period and MetalsTech Limited had to change its accounting policies and make adjustments as a result of adopting the following standards:

- AASB 9 Financial Instruments, and
- AASB 15 Revenue from Contracts with Customers.

The above accounting standards have no impact on adoption to these financial statements.

(b) Impact of standards issued but not yet applied by the entity

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

Basis of preparation and changes to the Group's accounting policies

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments to the amounts recognised in the financial statements. The new accounting policies (applicable from 1 July 2018) are set out below.

Half Year Financial Report

For the half year ended 31 December 2018

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Impairment

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Going Concern

For the half year ended 31 December 2018 the Group recorded a loss from continuing operations after income tax of \$475,289 (2017: \$2,831,629), had a net working capital deficiency of \$150,518, with a cash outflow from operating and investing activities of \$1,065,151 (2017: \$2,067,062).

The ability of the Group to continue as a going concern is dependent on receiving tax refunds, or securing additional funding through either equity or debt, or a combination of both to continue to fund its operational and exploration activities. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report. The half-year financial report has been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group is expecting tax refunds in the order of \$1.98m from resource credit refunds from the Quebec government for exploration tax incentives on exploration in remote areas. These expected refunds have not been recorded in the accounts and will be brought to account as received;
- The directors expect the Group to be successful in securing additional funds through debt or equity issues, when and if required.
- The Group has entered into extended repayment terms with its creditors. These creditors will be repaid once the above mentioned tax refunds have been received.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not be able to continue as a going concern.

Half Year Financial Report
For the half year ended 31 December 2018

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated 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 Group 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 Group owns tenements in the geographical location of Quebec, Canada.

	31 December 2018 \$	31 December 2017 \$
3. EXPENSES		
Directors Fees		
Directors	4,800	55,992
Directors consultancy fees	178,900	246,462
	<u>183,700</u>	<u>302,454</u>
	31 December 2018 \$	30 June 2018 \$
4. CAPITALISED EXPLORATION AND EVALUATION		
Exploration and evaluation assets	10,944,892	9,644,796
Reconciliation:		
Balance at the beginning of the period	9,644,796	7,523,663
Financial liability of deferred project costs recycled	-	(448,795)
Deposits for exploration costs now expensed	-	(29,000)
Impairment of exploration expenditure	-	(2,510,101)
Payments of acquisition and exploration expenditure	1,300,096	5,109,029
Balance at the end of the period	<u>10,944,892</u>	<u>9,644,796</u>

Half Year Financial Report
For the half year ended 31 December 2018

	31 December 2018	30 June 2018
5. TRADE AND OTHER PAYABLES	\$	\$
Trade and other payables	594,640	207,125
Accrued expenses	26,819	81,156
Balance at the end of the period	621,459	288,281

	31 December 2018	30 June 2018
6. PROVISIONS	\$	\$
Staff Leave Provisions		
Balance at the beginning of the period	6,640	-
Movement in period	4,899	6,640
Balance at the end of the period	11,539	6,640

7. CONTRIBUTED EQUITY

(a) Share Capital

	December 2018 Shares	December 2017 Shares	December 2018 \$	December 2017 \$
Fully paid	116,953,887	95,499,678	14,120,782	10,186,077

(b) Movements in ordinary share capital:

Period ended 31 December 2018

Date	Details	Number of shares	Issue price	\$
01/07/18	Opening balance	115,503,887		14,010,415
24/08/18	Issue of shares – Project Acquisition	750,000	\$ 0.097	72,750
16/11/18	Issue of shares – Consulting fees	100,000	\$ 0.044	4,400
16/11/18	Issue of shares – Consulting fees	600,000	\$ 0.055	33,217
	Costs of shares issued			-
31/12/18	Balance at end of period	116,953,887		14,120,782

Half Year Financial Report
For the half year ended 31 December 2018

7. CONTRIBUTED EQUITY (continued)

Period ended 31 December 2017

Date	Details	Number	Issue Price	\$
01/07/17	Opening balance	76,248,000		6,217,161
19/07/17	Issue of shares -Placement	5,712,840	\$0.185	1,056,875
27/09/17	Issue of shares – Project	800,000	\$ 0.10	80,000
27/10/17	Issue of shares – Project	2,480,000	\$ 0.24	595,200
03/11/17	Issue of shares -Placement	4,200,000	\$ 0.18	756,000
14/12/17	Issue of shares -Placement	1,516,667	\$ 0.3	455,000
18/12/17	Issue of shares -Placement	4,316,668	\$ 0.3	1,295,000
19/12/17	Issue of shares -Placement	165,000	\$0.25	41,250
19/12/17	Issue of shares -Placement	60,503	\$0.306	18,530
	Costs of shares issued			(328,939)
31/12/17	Balance at end of period	95,499,678		10,186,077

8. SHARE BASED PAYMENTS

Shares issued for capitalised exploration costs have been valued at the fair value of the shares on the date of issue as the fair value of the goods received cannot be reliably measured.

Total share based payment transactions recognised during the year:

Shared based payments	December 2018 \$	December 2017 \$
Options issued (included in equity as capital raising costs)	-	70,650
Shares issued as part of project acquisition	72,750	-
Shares issued as payment of consulting costs	37,617	-
Shares issued for capitalised exploration costs	-	675,200
	110,367	745,850

9. DIVIDENDS

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

Half Year Financial Report

For the half year ended 31 December 2018

10. COMMITMENTS & CONTINGENCIES

Acquisition of Project

The Group entered into a binding agreement with gold focussed Canadian listed explorer Tri-Origin Exploration Limited (TSXV: TOE) (Tri- Origin or TOE), to acquire a portfolio of prospective cobalt exploration licenses. A summary of the transactions commitments and contingencies are as follows:

MetalsTech to complete CAD\$300,000 minimum in-ground expenditure year one; CAD\$500,000 in-ground minimum spend year two.

- Deferred consideration consisting of:
 - CAD\$100,000 and the issue of 750,000 Shares on that date which is 12 months from the settlement date.
 - These Shares will be subject to a six-month voluntary escrow period from issue.

In the event that the Company does not meet its minimum expenditure requirements MetalsTech's interests in the exploration licenses will revert to Tri-Origin Exploration Limited (for the avoidance of doubt, this does not apply to the performance bonuses).

- Performance bonuses consisting of the issue of:
 - 500,000 Shares on achievement by MetalsTech of 20day VWAP greater than 35 cents; during the first year following settlement.
 - 500,000 Shares on achievement by MetalsTech of 20day VWAP greater than 50 cents; during the second year following settlement.
 - 750,000 Shares if MetalsTech delineates a 1MT JORC or NI 43-101 Indicated Resource greater than 0.5% Co equivalent within four years from execution of the agreement.
 - 1,500,000 Shares if MetalsTech delineates a 2MT JORC or NI 43-101 Indicated Resource greater than 0.5% Co equivalent within four years from execution of the agreement.
 - All of these Shares (if issued) will be subject to a six-month voluntary escrow period from issue.

Following completion of MetalsTech's first and second year obligations, the Company will grant Tri-Origin Exploration Limited a net smelter royalty of 1.75% in respect of all metals and minerals produced from the exploration licenses (NSR). The Company will be granted the right to buy-back part of the NSR and a first and last right of refusal to acquire the remainder of the NSR in certain circumstances.

Legal Proceedings

The Company has received writs for claims made by former executives of the Company. The Company is defending the writs. In the event that the claims are successful the company will have to pay amounts of approximately \$131,872. No amount has been recorded in the accounts for this amount.

Other than the above and those that existed as at 30 June 2018 the Group has not entered into any further commitments and contingencies during the period under review.

11. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no matters or circumstances which have arisen since 31 December 2018 that have significantly affected or may significantly affect:

- d) The operations, in the period subsequent to 31 December 2018, of the company, or
- e) The results of those operations, or
- f) The state of affairs, in the period subsequent to 31 December 2018, of the company.

Half Year Financial Report
For the half year ended 31 December 2018

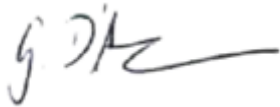
DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 19 to 29 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 2018 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
Director
14 March 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MetalsTech Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MetalsTech Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 Group's financial position as at 31 December 2018 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in dark ink. The signature appears to be 'Dean Just' written in a cursive, stylized script. Above the signature, the letters 'BDO' are handwritten in a simple, blocky font.

Dean Just

Director

Perth, 14 March 2019