Metalsearch ASX/MEDIA RELEASE

31/1/2020

Quarterly Activities Report
Quarter Ended 31 December 2019

Metalsearch Limited ("**Metalsearch**" or "**the Company**") provides the following quarterly update and commentary for the December 2019 quarter.

HIGHLIGHTS

- Acquisition of Abercorn Project completed.
- $2m capital raising completed.
- 62 hole, 2,358 metre aircore drilling programme completed on the Abercorn Project.
- Geochemical samples submitted for analysis. Results pending.

ABERCORN PROJECT

During the quarter, the Company completed the acquisition of the Abercorn Project ("**Abercorn Project**"), a large-scale kaolin prospect which has the potential to be developed into a world leading High Purity Alumina ("**HPA**") project located in central Queensland (*refer ASX announcements dated 13 August 2019 – Metalsearch to Acquire High Purity Alumina Project and 16 October 2019 – Acquisition of Abercorn High Purity Alumina Project Complete*).

The acquisition comprised 3 contiguous Exploration Permits for Mineral ("**EPM**") for a total of 38 sub-blocks, an **area of 128km²**, these are EPM 26837 comprising 33 sub-blocks, EPM 26903 comprising 4 sub-blocks and EPM 19081 comprising one sub-block (Figure 1). Subsequently, the Company applied for and was granted new EPM 27427 comprising 12 sub-blocks. EPM 27427 is contiguous with EPM 26837.

The Abercorn Project is situated approximately 135km south of the deep-water port of Gladstone and 125km west of the deep-water port of Bundaberg in Central Queensland. Both major ports are connected to the Abercorn Project by sealed roads. The Burnett highway bisects the property (Figure 2).

The kaolin mineralisation previously drilled in 24 holes in 2007 has the potential for the extraction of marketable volumes of higher-grade feedstock[1].

Assays completed on samples of kaolin from the 2007 drilling program, indicate the -10 micron fraction consistently graded at >33% Al_2O_3, representing approximately 20% of the raw ore mass. The ability to cost effectively upgrade bulk raw ore to a higher yield of Al_2O_3 via simple grain size sorting, at considerable scale, indicates the potential for developing the Abercorn Project in joint venture with global end users seeking to source high grade Al_2O_3[1].

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The Company is currently undertaking preliminary processing studies to determine the viability of using -20um instead of -10um material as part of any processing flowsheet and preliminary results have been positive. If the -20um material can be processed this has the added advantage of increasing the yield. Previous testing has shown that the -20um fraction contains ~88% of all the kaolin in the raw ore at a grade of ~29% Al_2O_3.

The kaolin on the Abercorn Project has already been shown to be capable of producing **99.99% Al_2O_3 (4N HPA)** including high grade **assays up to 33.71% Al_2O_3** (-10 micron fraction[1]) and commercial grade Aluminium Sulphate (ALUM), used in water purification.

Processing of multi-spectral satellite scanner data (ASTER) suggests that the kaolin intersected by previous drilling, is much more extensive than indicated by the 2007 drilling.

[1]See Metalsearch Limited ASX Announcement 13 August 2019. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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

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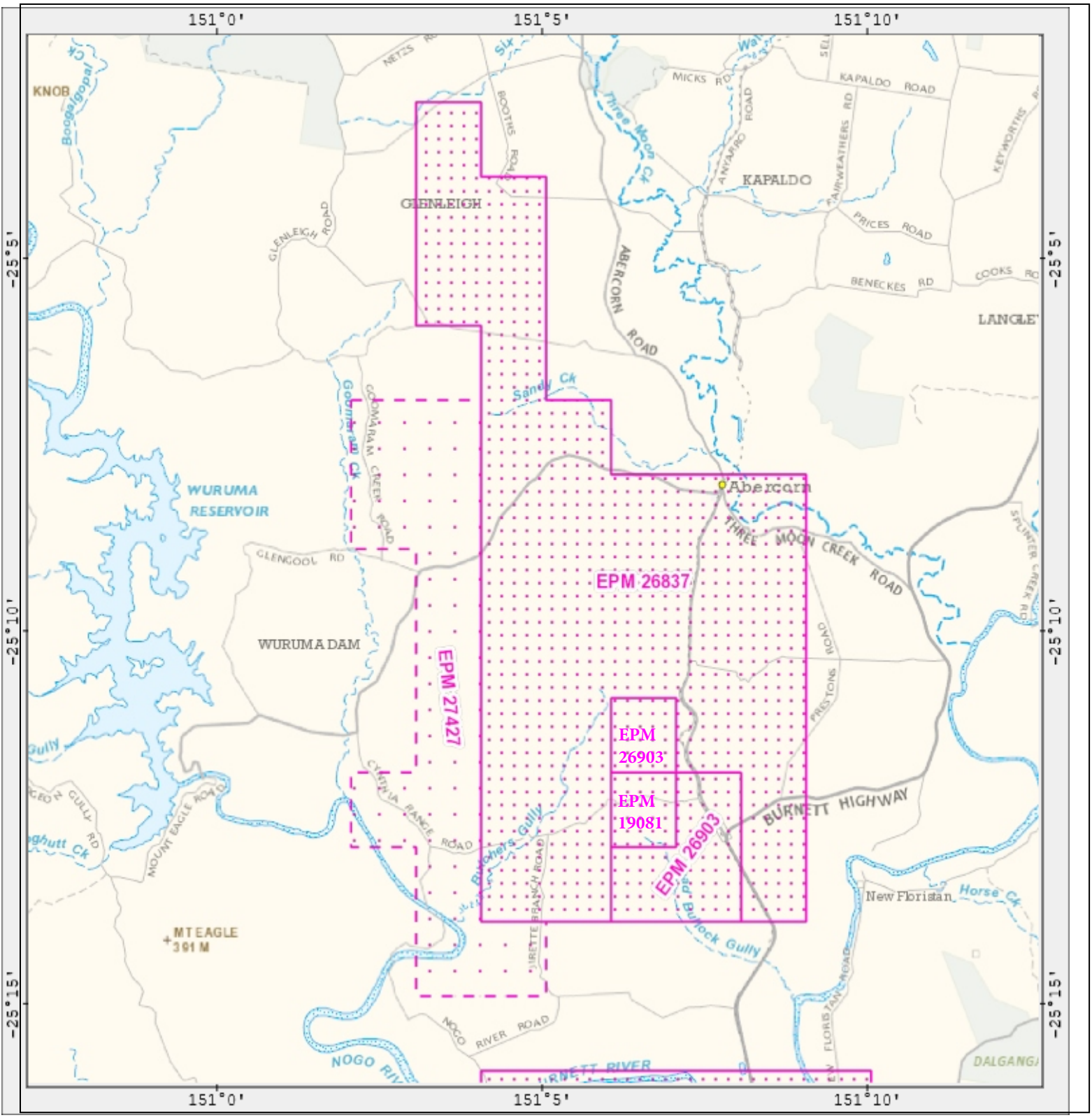
Figure 1 - Project Location



A product of
GeoResGlobe

Legend

EPM application

EPM granted

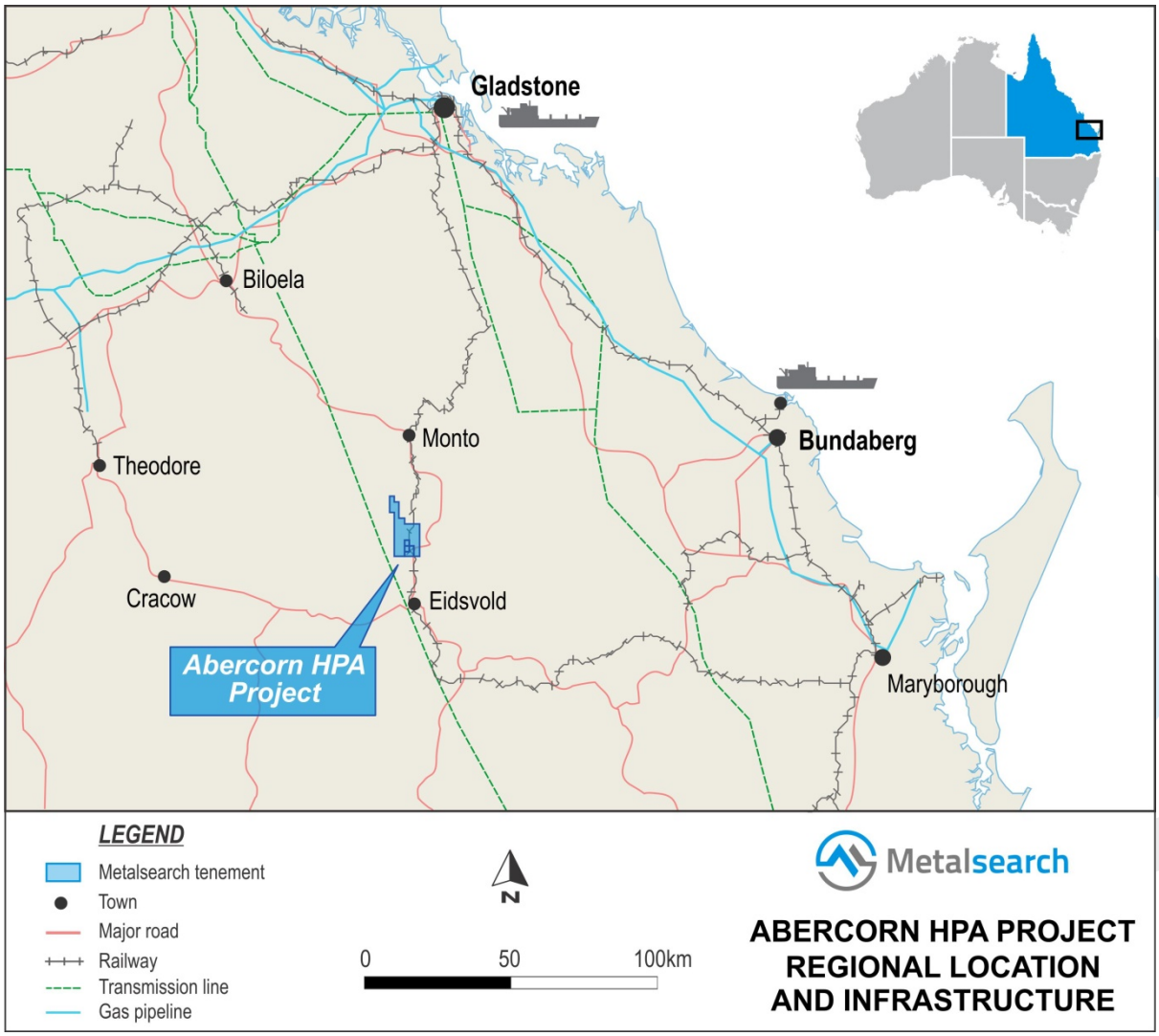
N

0 2.5 km

Scale: 1:145425

Datum: Geocentric Datum of Australia 1994

Figure 2 – Project Location and Infrastructure



Aircore Drilling Program

During the quarter, the Company completed a 62-hole Aircore drilling program on the Abercorn Project.

A total of 62 holes were drilled, with depths ranging from 23 metres to 51 metres, for an average depth of 38 metres and a total of 2,358 metres drilled (Figure 3). The total number of holes drilled into the project is now 86 for a total of 3,172m. The Abercorn Project has previously produced 99.99% Al_2O_3 (4N HPA)[2].

The Company is encouraged by the positive intersections throughout the drilling program of what appears to be high quality kaolin, of the form which the 2007 drilling showed is host to the Al_2O_3 mineralisation. Intersections of Kaolin mineralisation were routinely intersected throughout the campaign, including in excess of 40m thickness. Substantial intersections of bright white kaolin were also encountered on the periphery of the drill grid, indicating high potential for further mineralisation outside of the current drilled area.

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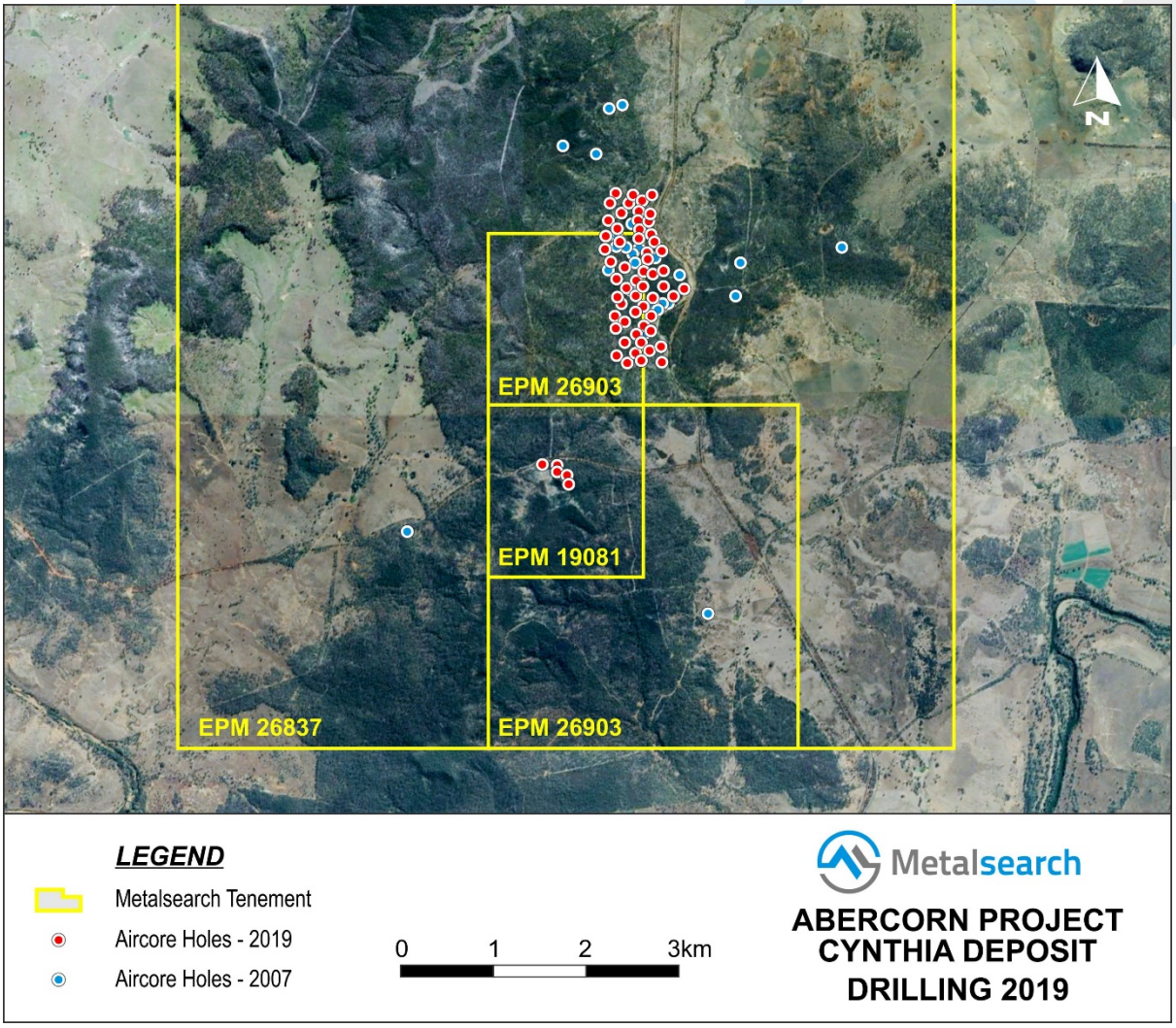
Aircore holes drilled into an area 2km south of the main Cynthia prospect also intersected bright white kaolin of the same form mineralised with Al_2O_3 at the Cynthia Prospect. The Company decided to increase the number of holes drilled around this satellite target, and pending results, it is likely a follow up drilling campaign will be conducted around this satellite target.

The objective of the Aircore drilling program is to define a maiden Inferred Mineral Resource (JORC 2012) of kaolin containing high-grade Al_2O_3. The Company also conducted extensional drilling in order to further define and extend the encouraging kaolin mineralisation intersected in holes drilled in 2007.

Figure 3 – 2019 Cynthia Prospect Aircore Drilling Program



[2]*See Metalsearch Limited ASX Announcement 13 August 2019. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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 announcement*

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Geochemical samples have been submitted to ALS Global for analysis. The Company is confident of delivering a strong result and looks forward to updating the market on receipt of results.

Competent Person Statement

Statements contained in this announcement relating to historical exploration results, and current exploration results are based on, and fairly represents, information and supporting documentation prepared by Mr Graham Rolfe BSc, MSc, FAIG, RPGeo, who is a member of the Australian Institute of Geoscientists (AIG), Member No 5850. Mr Rolfe is a part-time consultant to the Company and has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the *Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012*. Mr Rolfe consents to the use of this information in this announcement in the form and context in which it appears.

Patent Application for HPA Production Process

During the quarter, the Company announced that as a result of a research and development agreement between Abercorn Kaolin Pty Ltd and the University of Queensland ("UQ"), a provisional patent application has been lodged relating to a production process in the manufacture of High Purity Alumina ("HPA") (*refer ASX announcement dated 3 December 2019 – MSE lodges Patent Application for HPA Production Process)*. Metalsearch owns 100% of the Intellectual Property associated with the provisional patent application.

The outcome of UQ's HPA processing method is to enhance production efficiency, which Metalsearch is confident has the potential to materially reduce capital and operating costs in the manufacture of HPA. This collaboration with UQ underpins Metalsearch's strategy to become an industrial mineral and compound producer.

Metalsearch is working in collaboration with UQ to develop opportunities to commercialise technology and IP relating to the processing of kaolin and other associated industrial minerals.

KRAAIPAN PROJECT, BOTSWANA

Kraaipan Gold-Nickel-Copper-PGM Project

Metalsearch's 100% owned Kraaipan Gold-Nickel-Copper-PGM Project comprises Prospecting Licence, PL232/2016 and covers approximately 50 kilometre strike extent of the Kraaipan Greenstone Belt in southern Botswana. The Kraaipan Project is part of the larger NNW trending Amalia-Kraaipan-Greenstone-Terrane ('AKGT') of the Kaapvaal Craton. The AKGT in Botswana is directly along strike from significant gold deposits, as well as adjacent to significant PGM deposits, across the border in South Africa.

Kraaipan West Gold-Nickel-Copper-PGM Project

The Kraaipan West Project covers an approximately 15 kilometre long stretch of the Amalia-Kraaipan Greenstone Terrane (AKGT) in southern Botswana. The AKGT in Botswana is interpreted to be highly prospective for both gold and magmatic nickel-copper-PGM sulphide mineralisation, as these rocks are directly along strike and within the same geological units, as the well-known Kalgold and Kalplats deposits across the border in South Africa.

The Kraaipan West Project comprises Prospecting Licences, PL064/2017 and PL065/2017, which are 584 km^2 and 446km^2 in area respectively and are valid for three years. This project is approximately 30 kilometres to the west of the Kraaipan Gold-Nickel-Copper-PGM Project. The southern boundary of the tenures is located along Botswana's southern border with South Africa and can be accessed via well-maintained, all weather roads from Gaborone (capital of Botswana), approximately 180 kilometres to the north.

Kraaipan Project Drill Program

During the quarter, the Company reported results of samples submitted for multi-element analysis from a six-hole Reverse Circulation (RC) drilling program completed in the September 2019 quarter (*refer ASX Announcement dated 11 October 2019 – Results of Drilling Program on Kraaipan Gold Project*).

The Company is looking to bring a partner into the Kraaipan Gold project to continue testing a number of gold and nickel-copper targets which have been generated by Metalsearch from historical data sets.

Competent Person Statement

Statements contained in this announcement relating to historical exploration results, and current exploration results on the Kraaipan Project are based on, and fairly represents, information and supporting documentation prepared by Mr. Jeremy Read, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 224610. Mr Read is a Non-Executive Director and part-time consultant to the Company and has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the *Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012*. Mr Read consents to the use of this information in this announcement in the form and context in which it appears.

Corporate

During the quarter, the Company:

(a) Completed a $2 million capital raising;

(b) Paid the cash consideration and issued the consideration shares and performance rights for the acquisition of the Abercorn Project; and

(c) Appointed Mr John Goody and Keong Chan as directors of the Company. Mr Bassett and Mr Brewer resigned as directors. Mr Bassett continues as company secretary.

For further information please visit www.metalsearch.com.au or contact:

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Tenement Information as required by Listing Rule 5.3.3

The following is a table setting out the information as required by ASX Listing Rule 5.3.3, namely:

1. Mining tenements held at the end of the Quarter and their location;
2. Mining tenements disposed during the Quarter and location;
3. Beneficial percentage interests held in farm-in or farm-out agreements at end of Quarter; and
4. Beneficial percentage interests held in farm-in or farm-out agreements acquired or disposed of during the Quarter.

Location	Tenement	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
Australia	EPM 19081	Nil	Nil	100%	100%
Australia	EPM 26837	Nil	Nil	100%	100%
Australia	EPM 26903	Nil	Nil	100%	100%
Australia	EPM 27427	Nil	Nil	100%	100%
Botswana	PL232/2016	100%	Nil	Nil	100%
Botswana	PL064/2017	100%	Nil	Nil	100%
Botswana	PL065/2017	100%	Nil	Nil	100%

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