

Excellent Results from Metallurgical Testing at Cancet

Cobalt and lithium developer MetalsTech Limited (ASX:MTC) is pleased to announce it has received outstanding results following its recently completed initial mineralogy profiling program on the Company's 100%-owned Cancet Lithium Project in Quebec, Canada.

Highlights:

- Initial metallurgical test work on 5kg outcrop sample confirms high grade spodumene in the pegmatite ore body at Cancet
- Concentrate grade of 6.24% Li₂O produced from 10mm crush indicating simple low cost DMS gravity separation will recover 77% of the lithium in 13% of the mass:
 - Dense Media Separation (DMS) removed 80% of the mass feed at 2.7SG indicating very high recovery at a coarse crush size
 - Simple processing could mean significantly lower CAPEX and OPEX against peers as well as shorter commissioning time
 - Coarse grain premium concentrate
- Initial mineralogy / metallurgical profiling suggests product suite will meet and exceed grade requirements for battery market
- Metallurgical test work compares favourably against advanced projects in Western Australia including Tawana Resources – Bald Hill project
- Representative metallurgical testing on composite split drill core commencing shortly – will underpin early offtake and strategic partner discussions

Commenting on recent results, Executive Director Mr Gino D'Anna stated:

"Preliminary metallurgical profiling from outcrop samples confirms Cancet is a primary spodumene rich lithium pegmatite. Initial test results demonstrate delivery of a battery grade spodumene concentrate through simple DMS processing, which suggests potential for a very low CAPEX and OPEX operation compared to peers. Although testing was based on surface outcrops which is a precursor to the representative drill core metallurgy testing currently underway, the results are nonetheless outstanding. Cancet is a shallow high grade deposit adjacent to low cost power and established highway infrastructure, and if the metallurgy continues to outperform and we continue to extend strike, it will be a strategic deposit.

We are accelerating metallurgical testing on drill core to increase confidence and representation, which will underpin early offtake and strategic partner discussions. Importantly, recent test work was carried out on outcrop samples that are now considered to be a significant underestimate of the projects



Registered Office

Unit 1, 44 Denis Street
Subiaco WA 6008
T +61 408 408 878 T +61 415 493 993
E info@metals.tech.net

Board of Directors

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

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



representative grade following Phase I drilling and although these results are excellent, we are confident they are ultimately conservative.”

Preliminary Metallurgical Testing

A 5kg sample of mineralised pegmatite from the Cancet Lithium Project was subjected to metallurgical analysis to generate an indicative profile. Testing was completed at NAGROM Laboratories in Perth under the supervision of Mr Noel O'Brien, Trinol Pty Ltd and Primero.

The sample was sourced from a pegmatite outcrop exhibiting visual spodumene crystal formations within the drill target zone, which the Company channel sampled during a pre-drilling site visit in early March 2017. The sample was sent directly to NAGROM, where indicative mineralogy profiling and metallurgical testing was carried out:

- Crushing to 10mm for analysis and density profiling by Heavy Liquid Separation (HLS) after screening fines at 1mm
- The content of the 2.95 sinks fractions were examined by XRD mineralogy to determine the dominant lithium mineral

NAGROM reported the following results:

SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Department	Mineralogy
3.0 sink	10.17%	6.48	62.4%	67% spodumene, 9% mica
3.0 float	2.91%	5.39	14.9%	44% spodumene, 6% mica
2.95 float	0.96%	4.48	4.1%	
2.9 float	3.17%	3.37	10.1%	
2.8 float	3.09%	1.73	5.1%	
2.7 float	60.45%	0.05	3.0%	
2.6 float	19.17%	0.03	0.5%	
2.5 float	0.08%	0.19	0.0%	

Table 1: HLS beneficiation on -10+1mm (1.20% Li₂O outcrop sample)

In summary, using a 2.95 sink, a **mass yield of 13%** was obtained at a **concentrate grade of 6.24% Li₂O** with an associated **lithium department of 77%**, which is well above the benchmark grade of 6% Li₂O required to meet the battery market. This result was achieved at a crush size of 10mm from a sample with a head grade of 1.20% Li₂O, which the Company considers is underestimating the high-grade nature of the pegmatite at Cancet having now completed Phase I drilling.

With such strong results from a relatively low head grade sample, there may be significant upside in both mass yields and concentrate grades. The opportunity to adopt a simple processing strategy is significant





as it can ultimately lead to a considerably lower CAPEX and lower OPEX compared to peer operations, for a comparable output.

Also of significance is the results of the 2.7 floats which indicate that as much as 80% of the mass fed to the DMS only contains 3.5% of the lithium and could be sent directly to residue. **This would result in a significant CAPEX and OPEX saving in the processing plant compared to other operations.**

Peer Comparison

To put these results in perspective, the HLS results have been benchmarked against other lithium results.

Tawana Resources (ASX:TAW) recently reported excellent metallurgical test results for its Bald Hill Project in Western Australia (*see ASX announcement "Excellent Results from Large Scale Metallurgical Test Work" dated 16 March 2017*):

Fraction	Mass Yield	Assay % Li ₂ O	Lithium Department
Primary Concentrate	16.5%	6.43	76.4%
Secondary Concentrate (middling product)	16.1%	1.95	17.1%
Waste	67.4%	0.14	6.5%

Table 2: Weighted HLS beneficiation on -10+5.6mm and -5.6+1mm (1.41% Li₂O composite sample)

With a comparable testing regime, Tawana achieved a **mass yield of 16.5%** producing a comparable **6.43 % Li₂O concentrate** with an associated **lithium department of 76%** at a crush size of 10mm from a composite feed with a head grade of 1.41% Li₂O.

Tawana recently secured a binding offtake agreement for their **6% spodumene concentrate at US\$880/t FOB Esperance** (*see ASX announcement "Lithium Offtake Agreement and Prepayment" dated 26 April 2017*).

Significant Upside to Metallurgical Test Work

The Company commenced a multi-phased exploration program at Cancet which was comprised of detailed channel sampling and trenching undertaken in August and October 2016 and Phase I diamond core drilling undertaken during March-May 2017. During the phased exploration campaigns, the results at Cancet have indicated potential for a high grade shallow lithium deposit.

Recent ASX Announcements that highlight the high-grade nature of the pegmatite at Cancet are as follows:

- ASX announcement "Up to 5.58% Li₂O in Drill Target Zone at MTC Cancet Project" dated 2 March 2017;
- ASX announcement "Spodumene Rich Intersections Confirmed from Surface" dated 4 May 2017; and
- ASX announcement "Assays Confirm High Grade Intersections at Cancet" dated 9 May 2017





Recent drilling results have included (refer to ASX announcement “Assays Confirm High Grade Intersections at Cancet” dated 4 May 2017):

- MTC17-015 assayed 18.00m @ 3.71% Li₂O and 301 ppm Ta₂O₅ from 8m depth including:
 - 5.00m @ 4.10% Li₂O and 114 ppm Ta₂O₅ from 12m; and
 - 8.00m @ 3.59% Li₂O and 489 ppm Ta₂O₅ from 18m
- MTC17-002 assayed 5.08m @ 2.67% Li₂O and 323 ppm Ta₂O₅ from 9m depth; including:
 - 2.08m @ 4.78% Li₂O and 614 ppm Ta₂O₅ from 12m

Recent testing at NAGROM was completed on a 5kg outcrop sample with a head grade assaying 1.20% Li₂O which is considered a significant underestimate of the potential overall deposit grade at Cancet. Recent drilling suggests the Cancet deposit will grade significantly higher than this on a representation basis, and therefore there is an opportunity for **significant upside in mass yield and concentrate grade** above and beyond the current test results, which would further support a potential low cost operation to feed lithium products into the battery grade market.

The Company will now supply NAGROM with a large representative batch of split core samples from its Phase I diamond drilling campaign for advanced metallurgical test work (>100kg) which will be used to support a formal Scoping Study at Cancet as well as underpin early offtake and strategic partner discussions.

A comprehensive field exploration campaign to consist of detailed mapping, sampling, mechanised trenching and prospecting at Cancet will commence in June 2017. This will quickly be followed up by the Phase II diamond drilling campaign, which will consist of an additional 5,000m of diamond core drilling.

The Company is currently awaiting a number of assay results from its recently completed Phase I diamond drilling campaign, which will be released to shareholders as they are received.

ENDS

For further information, contact:

Russell Moran
Executive Chairman
M +61 415 493 993
russell@metalstech.net

Gino D’Anna
Executive Director
M +61 400 408 878
gino@metalstech.net

Rachel Hammett
Investor Relations
M +61 466 281 369
rachel@nwrcommunications.com.au





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MetalsTech Limited – Competent Person Statement

Cancel Lithium Project

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.

