

Exceptional Results from HLS Metallurgical Testing at Cancet

Cobalt and lithium developer MetalsTech Limited (ASX:MTC) is pleased to announce it has received outstanding results from the initial metallurgical test-work program on representative split drill core from the Phase I drilling campaign at the Company's 100%-owned Cancet Lithium Project in Quebec, Canada.

Highlights:

- Heavy Liquid Separation (HLS) tests on composites crushed to 10mm and 5.6mm showed that Dense Media Separation (DMS) at SG 2.8 could recover 89% to 91% of the lithium at a grade of >6.4% Li₂O in 19% of the DMS mass or 16.6% of the overall feed mass.
 - These results show a very high recovery at a coarse crush size is achievable.
 - Simple processing could mean significantly lower CAPEX and OPEX against peers as well as shorter commissioning time
 - Coarse grain premium concentrate – preferred by offtake partners
- A High Grade Composite (**2.35% Li₂O**) produced a concentrate grade of **6.41% Li₂O from 10mm crush** indicating simple low cost DMS gravity separation at SG 2.8 will recover **97% of the lithium in 35% of the DMS mass**
- A Mid Grade Composite (**1.54% Li₂O**) produced a concentrate grade of **6.12% Li₂O from 10mm crush** indicating DMS gravity separation at SG 2.8 will recover **95% of the lithium in 24% of the DMS mass**
- The Low Grade Composite (**1.06% Li₂O**) produced a concentrate grade of **5.90% Li₂O from 10mm crush** indicating DMS gravity separation at SG 2.8 will recover **92% of the lithium in 16% of the DMS mass**
- Cancet hosts a clean pegmatite with low iron oxide in assayed drill samples (0.5% to 0.8% Fe₂O₃) – producing a high purity coarse grain premium spodumene concentrate:
 - Low to Moderate iron oxide content in concentrate < less than 1.5% Fe₂O₃, which will be lowered by magnetic separation.
- Initial results suggest product suite will meet and exceed grade requirements for battery market
- Cancet metallurgical test-work compares favourably against other advanced lithium projects
- Final representative metallurgical testing results for composite split drill core will be available within the next three weeks and will underpin offtake and strategic partner discussions



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Adina	100% owned
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Commenting on recent results, Executive Chairman Mr Russell Moran stated:

“Initial results from the metallurgical test-work on composite drill core are outstanding. We look forward to final results being available in the next few weeks and advancing discussions with potential offtake and strategic partners. Having now defined a shallow high grade deposit at Cancet, we look forward to phase two drilling which will grow tonnage and prepare the project for delivery of a maiden resource and scoping study.”

Preliminary Metallurgical Testing

As announced on 30 June 2017, a 100kg sample from the Cancet Lithium Project was subjected to metallurgical analysis to generate a representative profile. Testing was completed at NAGROM Laboratories in Perth under the supervision of Mr Noel O’Brien, Trinol Pty Ltd and Primero.

Samples were sourced from split drill core from the Phase I drilling campaign that was recently completed at Cancet. Hole selection was guided by the requirement to ensure that the metallurgical testing would provide a representative view of the deposit at Cancet.

The samples were sent directly to NAGROM, where metallurgical testing was carried out, which involved crushing to 10mm for analysis and density profiling by Heavy Liquid Separation (HLS) after screening fines at 1mm.

Using the batched samples, three different composites were created, being a High Grade (HG) feed, a Mid Grade (MG) feed and a Low Grade (LG) feed, to ensure that the metallurgical profiling presented a representative view of the deposit at Cancet.

NAGROM reported the following results:

HG Composite

SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Department	Assay % Fe ₂ O ₃
3.0 sink	29.89%	6.84%	86.68%	1.38%
3.0 float	2.73%	5.28%	6.10%	1.45%
2.95 float	0.92%	4.46%	1.75%	1.60%
2.9 float	2.18%	2.91%	2.69%	2.39%
2.8 float	3.89%	1.20%	2.00%	2.38%
2.7 float	45.00%	0.038%	0.73%	0.16%
2.6 float	15.32%	0.007%	0.05%	0.03%
2.5 float	0.07%	0.43%	0.01%	2.59%

Table 1: HLS beneficiation on -10+1mm (HG Composite), 2.35% Li₂O head grade





Commentary

Using a 2.8 SG sink, a **mass yield of 35.72%** was obtained at a **concentrate grade of 6.41% Li₂O** with an associated **lithium deportment of 97.22%**, 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 2.35% Li₂O.

Also of significance is the results of the 2.8 SG floats which indicate that as much as 65% of the mass fed to the DMS only contains 2.8% of the lithium and could be sent directly to residue.

MG Composite

SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Deportment	Assay % Fe ₂ O ₃
3.0 sink	18.74%	6.76%	82.46%	1.43%
3.0 float	1.79%	5.15%	5.98%	1.50%
2.95 float	0.80%	3.90%	2.04%	2.07%
2.9 float	2.46%	2.72%	4.36%	2.17%
2.8 float	5.02%	1.13%	3.68%	4.41%
2.7 float	54.37%	0.04%	1.45%	0.20%
2.6 float	16.62%	0.002%	0.02%	0.06%
2.5 float	0.20%	0.06%	0.01%	0.70%

Table 2: HLS beneficiation on -10+1mm (MG Composite), 1.54% Li₂O head grade

Commentary

Using a 2.8 SG sink, a **mass yield of 23.79%** was obtained at a **concentrate grade of 6.12% Li₂O** with an associated **lithium deportment of 94.84%**, 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 1.54% Li₂O.

Also of significance is the results of the 2.8 SG floats which indicate that as much as 76% of the mass fed to the DMS only contains 4.2% of the lithium and could be sent directly to residue.





LG Composite

SG Fraction	Mass Yield %	Assay % Li ₂ O	Lithium Department	Assay % Fe ₂ O ₃
3.0 sink	11.55%	6.82%	74.41%	1.69%
3.0 float	1.91%	5.08%	9.19%	1.40%
2.95 float	0.84%	4.40%	3.50%	1.32%
2.9 float	2.22%	2.40%	5.02%	2.09%
2.8 float	5.37%	1.02%	5.17%	3.20%
2.7 float	63.11%	0.04%	2.50%	0.37%
2.6 float	14.83%	0.009%	0.13%	0.08%
2.5 float	0.16%	0.49%	0.07%	3.04%

Table 3: HLS beneficiation on -10+1mm (LG Composite), 1.06% Li₂O head grade

Commentary

Using a 2.8 SG sink, a **mass yield of 16.52%** was obtained at a **concentrate grade of 5.90% Li₂O** with an associated **lithium department of 92.121%**, which compares favourably with 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 1.06% Li₂O.

This grade could readily be raised above 6.0% by operating at a slightly higher density of 2.9.

Also of significance is the results of the 2.8 SG floats which indicate that as much as 83% of the mass fed to the DMS only contains 7.9% of the lithium and could be sent directly to residue.

With such strong results achieved across each of the three composite samples, there is potential to adopt a simple processing strategy which could ultimately lead to a considerably lower CAPEX and lower OPEX compared to peer operations, for a comparable output.

Peer Comparison

To provide context around these results, Tawana Resources (ASX:TAW) reported comparable 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 4: 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 deportment 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).

Cancel Field Exploration Program

In mid-June 2017, the Company completed a LIDAR and orthophoto survey at Cancel. The survey will provide high-accuracy topographic control to assist with geologic and resource modelling, as well as support the regional prospecting and Phase II drill programs planned for this year. The pegmatite body correlates well with topographic highs. The new 2017 dataset will provide high-accuracy topography (~0.2 m accuracy) across the entire project, which will be useful in defining potential parallel structures and highs that may represent additional pegmatite bodies not previously identified.

A comprehensive field mapping and sampling program will continue over the coming weeks as a precursor to the commencement of the Phase II drilling. This work will follow up on the highly successful Phase I drill program that intersected significant shallow and high grade lithium and tantalum mineralisation over wide widths, as previously reported.

ENDS

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Caution Regarding Forward-Looking Information

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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.

