



11 November 2019

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Chris Hesford  
Advisor Listings Compliance (Perth)  
ASX Compliance Pty Ltd  
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By Email: [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au)  
[tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au)

Dear Chris,

We acknowledge receipt of your letter dated 7 November 2019 and titled ASX Aware Letter.

MetalsTech addresses your specific questions as follows:

**In response to Question 1 -**

- a. The terms of the redeemable note were agreed between 14 August 2019 and 19 August 2019. The redeemable note deeds were executed on or around 20 August 2019 by the Parties.
- b. The redeemable notes under the redeemable note facility were issued on or around 21 August 2019.
- c. The attaching options are yet to be issued. The free attaching options will be issued upon repayment of the redeemable notes.

**In response to Question 2 –**

No, the Company does not consider the issue of the Redeemable Note Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

**In response to Question 3 –**

The rationale behind the response to Question 2 above is due to the fact that on 2 August 2019, the Company announced to the ASX that it had received the final assessments from Revenue Quebec for its claims for Resource Exploration Tax Credit refunds and Credits on Duties Refundable for Losses.

The total refunds that had been assessed and approved by Revenue Quebec totalled approximately CAD\$1.8m with the AUD equivalent being approximately \$2.0m. This represented in excess of 95% of the Company's original claimed amount.

Therefore, the Redeemable Note Facility was implemented as a method for allowing the Company to bring forward a portion of this receivable. Given the short term nature of the Redeemable Note Facility, the Company did not consider that it was material.

The Company did not have any reason to consider that the claims from Revenue Quebec would not be forthcoming particularly in light of the final assessments being provided.



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**Board of Directors**  
Chairman - Russell Moran  
Director - Gino D'Anna  
Technical Director – Qingtao Zeng  
Technical Director – Noel O'Brien  
Company Secretary – Paul Fromson

<b>Projects</b>	
Cancel (Li)	100% owned
Adina (Li)	100% owned
Terre Des Montagnes (Li)	100% owned
Wells-Lacourciere (Li)	100% owned
Kapiwak (Li)	100% owned
Sirmac-Clapier (Li)	100% owned
Bay Lake (Co)	100% owned
Rusty Lake (Co)	100% owned
Bay Lake North (Co)	100% owned



On 2 October 2019, the Company confirmed that it had received CAD\$1.57 million from Revenue Quebec.

**In response to Question 4 –**

- a. The Company does not consider that it was required to provide an announcement in relation to the Redeemable Note Facility pursuant to ASX Listing Rule 3.1 given its response contained in Question 2 and Question 3 above.
- b. In light of the fact that the Redeemable Note Facility was a small portion of the overall claims from Revenue Quebec and in light of the fact that it was a short term facility and the Company had prior to the execution of the Redeemable Note Deeds informed the market of the final assessments from Revenue Quebec, the Company was not required to take any steps to ensure that the information in relation to the Redeemable Note Facility was released to the ASX in the form of an announcement.
- c. It was an administrative oversight that an announcement was not made to the ASX in relation to ASX Listing Rule 3.10.3.

As the attaching options have not been issued at this time, no Appendix 3B has been released to the ASX. The Company will be releasing an Appendix 3B at the time that the options have been issued.

**In response to Question 5 –**

The lender is an unrelated financial investor and has no relation to the Company and no association or relationship with any of the board members of the Company. The lender was introduced to the Company through a broker.

**In response to Question 6 –**

The funds raised under the Redeemable Note was used for general working capital purposes of the Company, including payment of ASX fees, legal fees, share registry fees, tax and audit fees both in Australia and overseas and consulting fees to directors and external consultants not related to directors of the Company.

**In response to Question 7 –**

No, the Company does not consider the Additional Payments to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

**In response to Question 8 –**

The rationale behind the response to Question 2 above is due to the fact that it is not uncommon for directors to charge additional consulting fees for services that are provided outside of the scope of their duties as non-executive directors of the Company. The consulting fees are charged at commercial arms-length rates and represent additional work undertaken by the Company in administering the existing projects of the Company and assessing and evaluating new project opportunities available to the Company.

**In response to Question 9 –**

The Company has consulting agreements and letters of appointments in place with each of its directors. The consulting fees are charged as and when additional work is done outside of the scope of their duties as a director. As noted in the Appendix 5B, these additional consulting fees are for services provided over a period from February 2019 to August 2019 however the Appendix 5B discloses the cash paid during the quarter.





### **In response to Question 10 –**

The Company has consulting agreements and letters of appointments in place with each of its directors. It is not uncommon for directors to charge additional consulting fees for services that are provided outside of the scope of their duties as non-executive directors of the Company. The consulting fees are charged at commercial arms-length rates and represent additional work undertaken by the Company in administering the existing projects of the Company and assessing and evaluating new project opportunities available to the Company. The consulting fees are charged as and when additional work is done outside of the scope of their duties as a director.

The Company does not consider that an ASX announcement pursuant to ASX Listing Rule 3.1 or 3.1.A is relevant. The information pertaining to the remuneration of the directors including directors' fees and additional consulting fees is captured in full in the Annual Report of the Company for the period ending 30 June 2019.

To issue a separate ASX announcement would be erroneous.

### **In response to Question 11 –**

In relation to Question 11, for the \$161,000 disclosed as payments to directors under item 6.1 in the quarterly cashflow report lodged on 31 October 2019 please refer below:

1. Russell Moran - \$63,600 (excluding GST) – consulting services provided include travel to and from China for the review of a lithium carbonate facility on behalf of MetalsTech, including meetings with potential end-users and spodumene suppliers, project evaluation and assessment of new opportunities, administering the corporate affairs of the Company.
2. Gino D'Anna - \$55,200 (excluding GST) - consulting services provided include travel to and from China for the review of a lithium carbonate facility on behalf of MetalsTech, including meetings with potential end-users and spodumene suppliers, project evaluation and assessment of new opportunities, administering the corporate affairs of the Company, ongoing maintenance of the Company's various lithium projects in Quebec, assistance with the tax advisers in Quebec and Australia and management of the corporate requirements of the Company including ASX and ASIC.
3. Noel O'Brien - \$26,000 (excluding GST) – various trips to China for the review of a lithium carbonate facility on behalf of MetalsTech, preparation of a technical due diligence report, presentations to the board and major stakeholders.
4. Qingtao Zeng - \$16,632 (excluding GST) - various trips to China for the review of a lithium carbonate facility on behalf of MetalsTech, assistance with the preparation of a technical due diligence report, legal and financial due diligence on the lithium carbonate plant in China, presentations to the board and major stakeholders and meetings with potential end-users and spodumene suppliers.

### **In response to Question 12 –**

Yes, the Company confirms it is in compliance with ASX Listing Rule 3.1 and there is no further information about its financial condition that has not already been released to the market.





**In response to Question 13 –**

MetalsTech's response to the queries have been approved by the full board.

**ENDS**

**For further information, contact:**

Russell Moran  
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Gino D'Anna  
**Director**  
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7 November 2019

Mr Gino D'Anna

Company Secretary  
MetalsTech Limited  
Suite 1, 44 Denis Street  
Subiaco WA 6008 Australia

By email: gino@metalstech.net

Dear Mr D'Anna

MetalsTech Limited ("MTC"): **ASX Query Letter**

**ASX refers to the following:**

- A. MTC's Quarterly Cash Flow Report in the form of the Appendix 5B for the quarter ended 30 September 2019, released on the ASX Market Announcements Platform ("MAP") on 31 October 2019 (the "Appendix 5B"), which reported:
- Payments for exploration & evaluation of \$2,000;
  - Payments for administration and corporate of \$298,000;
  - Total financing facilities drawn at quarter end of \$400,000;
  - an explanatory note that Payments for administration and corporate indicates that an amount of \$161,000 is included as "*Consulting fees and directors fees, including accrued and previously unpaid consulting fees to entities related to directors dated February to September 2019 including costs associated with the due diligence and evaluation of potential acquisition opportunities for the Company.*" ("Additional Payments"); and
  - Cash and cash equivalents at the end of the quarter of \$653,000 comprised of \$74,000 cash and equivalents at the end of previous quarter, \$178,000 Net cash from operating activities, and \$400,000 net cash from financing activities.
- B. MTC's Annual Report for the year ended 30 June 2019, lodged with MAP on 29 September 2019 and released at on 30 September 2019 (the "Annual Report") included the following on page 17:

In August 2019, the Company issued short-term redeemable notes to unrelated investors to raise a total of AUD\$400,000. The key terms of the redeemable notes are stated below:

<b>Term</b>	The earlier of 3 months or upon MTC receiving at least \$500,000 of the outstanding \$2m Quebec Government Exploration Tax Refund. For the avoidance of doubt, early repayment will not reduce the coupon payable.
<b>Use of Funds</b>	(a) Fund MTC's assessment of new business opportunities including legal, accounting and technical due diligence; (b) Fund MTC's advice with respect to ASX discussions from time to time, including in respect of future new business opportunities; and (c) General working capital
<b>Coupon</b>	12.5% of the Face Value of the Notes
<b>Redemption</b>	The Notes and the Coupon must be redeemed by the Issuer in cash at the end of the Term
<b>Transferability</b>	The Notes are not transferrable without the written consent of the MTC
<b>Change of Control Protection</b>	Any outstanding Notes must be redeemed in full immediately in the event of a change of control in MTC (except a Listing event) for the Face Value plus Coupon
<b>Escrow</b>	N/A
<b>Free attaching options</b>	(a) 2,000,000 unlisted Options exercisable at \$0.06 for each Note with an expiry of 31 December 2023 (b) MTC may seek quotation of the Options subject to spread and ASX approval
<b>Security</b>	Unsecured

("Redeemable Note Facility Information").

C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*

E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

## **ASX Queries**

Having regard to the above, ASX asks MTC to respond separately to each of the following questions and requests for information in a format suitable for release to the market.

1. When did MTC:
  - a. Agree the terms of the Redeemable Note Facility?
  - b. Issue the Redeemable Notes under the Redeemable Note Facility?
  - c. Issue the 2,000,000 free attaching options?
2. In light of the MTC's cash position as at 30 June 2019 of \$74,000 disclosed in the Appendix 5B lodged on the ASX on 31 July 2019, does MTC consider the Redeemable Note Facility to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is "no", please advise the basis for that view.

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4. If MTC first became aware of the Redeemable Note Facility Information before the date of lodgement of the Annual Report, being 30 September 2019, please explain why this information was not released to the market at an earlier time, commenting specifically on:
    - a. when you believe MTC was obliged to release the Redeemable Note Facility information under Listing Rules 3.1 and 3.1A;
    - b. what steps MTC took to ensure that the information was released promptly and without delay; and
    - c. given the proposed issue of securities contemplated in the Redeemable Note Facility, why an announcement was not immediately made under Listing Rule 3.10.3?
  5. Please describe the lender under the Redeemable Note Facility and what is their association with MTC, or any of the directors of MTC?
  6. In relation to the funds raised under the Redeemable Note Facility, please provide a breakdown of the use of the \$400,000 funds drawn by MTC under the facility.
  7. Does MTC consider the Additional Payments to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
  8. If the answer to question 1 is “no”, please advise the basis for that view.
  9. When did MTC first become aware of the Additional Payment information (or part thereof)?
  10. If MTC first became aware of the Additional Payment information before the date of the Appendix 5B, being 30 September 2019, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MTC was obliged to release the Additional Payment information under Listing Rules 3.1 and 3.1A and what steps MTC took to ensure that the information was released promptly and without delay.
  11. In relation to the Additional Payments to directors of MTC and their associates, disclosed in the Appendix 5B released on MAP on 31 October 2019, please provide a breakdown of the payments to individual directors including a description of the consulting or other services provided.

#### **Compliance with the Listing Rules**

12. Please confirm that MTC is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
13. Please confirm that MTC’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MTC with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm AWST on Monday, 11 November 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MTC’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MTC’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to **ListingsCompliancePerth@asx.com.au** by e-mail and to **tradinghaltsp Perth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rule 3.1**

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Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to MTC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MTC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

#### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MTC's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

*[Sent electronically without signature]*

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**Chris Hesford**

**Geologist, Listings Compliance (Perth)**

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