



ASX/Media Release

(ASX: MZN)

31<sup>st</sup> October 2016

Marindi Metals Ltd  
ABN 84 118 522 124

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Australia

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**Directors:**

Ross Ashton  
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**Issued Capital:**

1,165m fully paid ordinary shares,  
236.8m listed options Ex. 2.0c Expiring  
31 December 2016  
64m unlisted options Ex. 2.5c Expiring  
31 December 2019

## September 2016 Quarterly Activities Report

Marindi expands Forrestania Lithium Project and prepares for maiden exploration program; Finalises terms to acquire 100% of Newman Base Metal Project

### HIGHLIGHTS

- **Forrestania Lithium Project expanded following option and JV agreement with a private mining group to acquire up to a 70% interest in the Mt Hope Mining Lease 77/549, with the ability to purchase 100%.**
- **The Mining Lease is located within Marindi's Mt Hope Priority 1 Lithium Area, which forms part of its broader 850km<sup>2</sup> 100%-owned tenement package in the rapidly emerging Forrestania Lithium Province.**
- **Drilling of the Gem, Giant and other pegmatites set to commence in the December quarter.**
- **Pegmatite recorded in historical drill holes on Marindi's regional tenements at South Ironcap.**
- **Recent announcements by Kidman Resources (ASX: KDR), which owns the adjacent Mt Holland Project including the promising Earl Grey discovery, have highlighted the potential of this region, with intersections of up to 93m at 1.53% Li<sub>2</sub>O reported (see ASX: KDR Release 6th September 2016).**
- **Gravity survey commences on the 100%-owned Caranbirini Lead-Zinc Project, 8km north of Glencore's world-class McArthur River Mine.**
- **Marindi agrees final terms for its 100% acquisition of the Newman Base Metal Project.**
- **Expands Newman tenement holdings with the successful application of the very large Spearhole Channel Iron Deposit.**

## **Forrestania Lithium Project**

Marindi Metals Limited (ASX: MZN; “Marindi” significantly advanced its lithium exploration initiative in the Forrestania Greenstone Belt in WA after acquiring a centrally located Mining Lease in the Mt Hope area with multiple known pegmatite occurrences, walk-up drill targets and excellent access arrangements.

The Mt Hope Mining Lease 77/549 is in the heart of Australia’s newest emerging lithium district, where Marindi recently established a commanding 850 square kilometre exploration portfolio (see ASX Announcement – 17 May 2016) and where active exploration and resource delineation programs by neighbours Kidman Resources (ASX: KDR) and Western Areas (ASX: WSA) are currently ramping up.

During the quarter, the Company signed an option and joint venture agreement with a private mining group to acquire up to a 70% interest in the Mount Hope Mining Lease, with the ability to purchase 100% under certain terms and conditions, which are summarised below.

The Mining Lease covers several Lithium Caesium Tantalum (LCT) pegmatites in the Mt Hope area, including the “Gem” pegmatite – which was mined historically for tantalum, tin and semi-precious gems in the 1980’s – and the “Giant” pegmatite. The Gem pegmatite was identified as one of many LCT-bearing pegmatites in the Mt Hope area in 1985 in a report on the Forrestania Greenstone Belt of Western Australia (Dr L F Bettenay WAMEX A17582).

The Mining Lease represents a strategic addition to the 850km<sup>2</sup> of tenure which Marindi already has under application, covering approximately 90km of prospective strike (see attached plans).

The Gem pegmatite has a strike length of several hundred metres and was mined predominantly for the gem quality tourmaline Rubellite. A shallow pit to a depth of approximately 15m has been excavated and several exploration shafts were sunk in anticipation of mining rubellite underground.

The northern portion of the granted Mining Lease hosts the Giant pegmatite, which is a larger specialised pegmatite up to 40m wide. Although outcrop is poor, pegmatite has been recorded in historical RAB and diamond holes over a distance of at least 400m and it is possible that both the Gem and Giant pegmatites are part of the same intrusion.

Neither pegmatite has been subject to any modern exploration, with the last recorded drilling being shallow Rotary Air Blast drilling (RAB) completed in the early 1990’s when the primary focus of exploration was gold. Outcrop on the tenement is poor and the location and extent of the LCT pegmatites, and potential extensions into Marindi’s tenements, will need to be established by drilling. The granted nature of the tenement at Mt Hope has allowed Marindi to get on the ground quickly.

Field mapping and sampling of the tenement took longer than expected because of the complex nature of the weathering profile and the subtle signature of the weathering pegmatites. The field mapping program was completed in October.

In addition, a large amount of historical data has been sourced from the vendors and is being assessed. This will be the subject of a further release once the data has been verified. The initial drill program will test beneath the Gem pegmatite, the Giant pegmatite and several other occurrences identified during the recent mapping exercise.

A summary of the key terms and conditions on the option agreement are outlined below:

- Marindi, subject to the registration of its interests, to pay \$50,000 for a six-month option (completed);

- On exercise of the option, Marindi will pay a further \$50,000 in cash and \$100,000 in shares, plus spend \$300,000 on exploration over the next 24 months to earn a 51% interest;
- Marindi has the right, but not the obligation, to spend a further \$150,000 on exploration to earn up to a 70% interest within 30 months of exercise of the option and issue a further \$40,000 in shares;
- Once Marindi has earned its 70% interest, it can purchase the remaining 30% on terms to be mutually agreed.



***Abandoned open pit workings at the Gem Pegmatite locality***

### **Regional Exploration**

Marindi has over 850km<sup>2</sup> under title in the Forrestania Lithium District and these tenements are expected to be granted in the coming quarter, allowing field-based exploration activities to commence.

A comprehensive review of historical data is underway which is being supervised by Marindi's consultant pegmatite geochemist, Dr Leigh Bettenay. The Company will utilise this data to prioritise prospective areas within the Company's large tenement holdings.

At the South Ironcap area, pegmatites have been reported from two drill holes. This general area was highlighted previously by the presence of anomalous tin in historical lag samples and a reconnaissance trip by Marindi which located pegmatitic outcrop material, (MZN ASX release 17<sup>th</sup> May 2015).

### **Newman Base Metal Project (Marindi 100%)**

During the Quarter, Marindi renegotiated the final payment terms with Prairie Mining Limited (ASX: PDZ; "Prairie") to complete the acquisition of 100% of the Newman Base Metal Project in WA.

Under the revised terms of the Farm-in Agreement with Prairie, Marindi must make a final payment of \$650,000 cash to move to 100% ownership (previously \$1 million in cash or shares). The \$650,000 is to be paid in two tranches, \$325,000 by the end of September 2016 (which has already occurred) and \$325,000 by the end of March 2017. Prairie will maintain a 2.5% Net Smelter Return ("NSR") Royalty over the project.

Marindi believes strongly in the potential of the Newman Base Metal Project to host a major base metal deposit, and moving to 100% ownership will provide greater exposure to any discovery as well as allow it to evaluate development options for the Prairie deposit and Wolf prospect against the backdrop of a continued improvement in the zinc price.

Marindi is currently advancing its zinc exploration activities at the Newman Project on several fronts, including:

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- A large amount of fieldwork has been completed during the quarter primarily focused on re-logging of historical drill holes to enable the construction of a reliable database. The re-logging of historical drilling at the Wolf and Prairie deposits has progressed well, with 5600m of diamond drill core re-logged and a further 5000m remaining, and 31,000m of RC drilling re-logged to date with 20,000m of RC logging still outstanding;
  - In addition, a total of 8000m of RC chips have been scanned using the Terra Spec analyser, which identifies alteration assemblages and potentially identifies vectors to mineralisation;
  - Southern Geoscience Consultants has compiled all aeromagnetic data over the Newman Base Metal Project area and completed an interpretation of the recent gravity survey data which has highlighted anomalies on the Prairie Downs Fault Zone (PDFZ) and several other structural zones for follow-up; and
  - All this data will be reviewed by consultant structural geologists, Orefind Pty Ltd, next quarter with the aim of outlining the structural controls of mineralisation at the Newman Base Metal Project and building a 3D model of the Prairie Downs deposit and Wolf prospect.

This work will continue during the December quarter and it is expected that Marindi will review the results and use them to direct drilling and exploration programs in the coming calendar year.

### **Metallurgical Studies**

Metallurgical testwork on the recovery and beneficiation of the extensive baileychlore mineralisation present at the Wolf Project continued during the quarter. Screening by size, heavy media separation and flotation test work has begun but no data is yet available.

### **Regional Exploration (Marindi 100%)**

Wet weather in the Pilbara region delayed reconnaissance field work planned for the September quarter and this work will now occur in the December quarter.

Marindi continues to expand its tenement holdings as and when prospective ground becomes available. At a Mines Department ballot that was completed subsequent to quarter-end, the Company acquired E52/3444 which, along with base metal potential, also hosts the very large Spearhole Iron Ore Project, a channel iron deposit (CID) previously owned by Dynasty Minerals.

This deposit has a JORC 2004 Inferred Resource of 0.9 billion tonnes @ 27.4% Fe (see Dynasty 2015 Annual Report. Note: this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.)

### **McArthur River**

Marindi's second major land-holding for base metal mineralisation is in the Northern Territory, where it has the Yalco Joint Venture area with Teck and the 100%-owned Caranbirini Project, located 8km north of Glencore's operating McArthur River Mine. The McArthur River Mine, which had Reserves of 110Mt at 10% Zn, 4.7% Pb and 47g/t Ag as at 31 December 2012, is hosted in the Barney Creek Formation (BCF), a mineralised pyritic shale unit (see Plan 8).

### **Teena Acquisition**

Marindi announced a Binding Heads of Agreement with Rox Resources ("Rox") on 16 August 2016 to acquire its 49% interest in the Reward Joint Venture with Teck for a total consideration of \$21 million. Under the terms of the JVA, Teck had a pre-emptive right to match Marindi's offer within 60 days of 16 August 2016.

Rox has announced to the ASX that Teck has purported to exercised its pre-emptive right in respect of the Company's proposed acquisition of Rox's 49% interest in the Reward Zinc Project in the Northern Territory for a total consideration of between \$19.6 million and \$20.6 million.

Marindi is seeking legal advice on the validity of the purported pre-emption by Teck and is reserving all its rights until it has had time to consider its position.

Teck's desire to acquire Rox's 49% stake in the Reward Project is a strong endorsement both of the validity of Marindi's strategy to acquire the asset and of the outstanding long-term outlook for zinc, which has been one of the top performing commodities of 2016. Teck's actions also highlight the exceptionally strong outlook for Marindi's extensive existing nearby land-holding in the McArthur River Basin of the Northern Territory.

#### **Yalco (Teck earning 70%)**

During the quarter Teck built a 3D model of the Emu Fault Corridor to improve geological understanding of the corridor and to aid with the completion of further audio magnetotelluric surveys over several targets, the data from which will be analysed during the current quarter. Expenditure for the quarter was approximately \$170,000.

#### **Caranbirini, NT (Marindi 100%)**

A 500m by 500m ground-based gravity survey has commenced on the Caranbirini tenements in the Northern Territory. During the quarter, Marindi secured \$100,000 in Federal Government co-funding to undertake exploration activities including geophysics and analysis of historical drill-holes at Caranbirini.

In April 2016, Marindi was approached by the CSIRO to participate in the NTGS-CSIRO McArthur Project. Marindi will contribute \$50,000 towards the project and each of the CSIRO and the Australian Government's Department of Industry, Innovation and Science (as part of the Innovations Connections stream of the Entrepreneurs' Program) will match Marindi's contribution, allowing for a total exploration spend of \$150,000 on the Caranbirini Project.

The data generated will be interpreted by CSIRO scientists, with the aim of the joint program being to develop a 3D model of the sub-surface geology. Data from airborne VTEM, gravity, mineralogy and geochemical analyses from historical drill holes will be combined with a view to identifying prospective geological structures and Barney Creek Formation.

Once this work is completed, Marindi will use the data generated to target exploration drilling.

The Caranbirini Project covers 10km of the prospective Batten Trough and is located only 8km from the McArthur River Mine. Historical exploration has intersected base metal mineralisation near the Emu Fault. Given that most of the exploration effort has been focused on or around the Emu Fault, it leaves considerable room for discoveries away from the Emu Fault such as the Teena discovery.

#### **About Innovations Connections**

Innovation Connections is a Federal Government program intended to assist Australian firms become more competitive by collaborating with publicly funded research organisations. According to WA Innovation Facilitator Ken Green, "The programme helps Marindi by taking advantage of advanced geological techniques developed by the CSIRO which will optimise Marindi's future drilling and accelerate their resource characterisation; ultimately lowering the campaign costs and extending the company's financial runway".

### **Oakover Manganese Project (Marindi 100%)**

The Oakover Manganese Project lies approximately 80km east of Newman in Western Australia's East Pilbara Manganese Province. The project is situated about 100km south of the Ant Hill Manganese Deposit owned by Mineral Resources Ltd and about 50km from the Nicholas Downs Manganese Deposit.

A Scoping Study report on the project has been received and is not economic at current manganese prices. The Company is considering its options regarding this project.

### **Corporate & Finance**

Marindi will hold its AGM on the 30<sup>th</sup> November 2016 at 1pm at the Celtic Club, 48 Ord St West Perth.

The Company spent \$1.26 million during quarter, of which a large portion (\$525,000) was related to various acquisitions and proposed acquisitions and are not representative of the Company's normal spending profile as follows:

- \$325,000 – Payment to Prairie Mining Ltd to acquire 100% of the Newman Base Metal Project, as announced on 12<sup>th</sup> September 2016;
- \$150,000 – Non-Refundable deposit paid to Rox Resources Ltd for the proposed acquisition of the Reward JV, as announced on 17<sup>th</sup> August 2016; and
- \$50,000 – Payment for interest in ML 77/549 containing the Gem and Giant Pegmatites, as announced on 20<sup>th</sup> September 2016.

With a cash balance of \$2.03 million and approximately 236 million \$0.02 listed options (ASX: MZNO) expiring in December 2016, the Company is well funded for the foreseeable future.

The Company is also in the process of finalising a Research & Development claim which should see a sizeable return to the Company as part of the financial year 2016 tax return, further bolstering its cash position.

### **Management Comment**

The September quarter has been a highly active quarter for Marindi with a significant effort put in to advancing all its projects and growing the Company on several fronts through corporate activities such as the proposed Teena acquisition.

The Company is pleased to have commenced its maiden lithium exploration programs and looks forward to these activities ramping up at the Forrestania Lithium Project during the December quarter.

Joe Treacy  
Managing Director  
**Marindi Metals Ltd**

### **Competent Persons Statement**

Information in this release that relates to Exploration Results is based on information prepared by Mr Joseph Treacy a Member of the Australasian Institution of Mining and Metallurgy and the Australian Institute of Geoscientists Mt Treacy is the Managing Director of Marindi Metals Ltd, a full time employee and shareholder. Mr Treacy has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities 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". Mr Treacy consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

**Table 1 – Tenements as at 30 September 2016**

Lease	Lease Holder	Locality	Status	Current Area (blocks)	Interest
E46/1140	Forrestania Pty Ltd	WA	Application	23	100%
E74/0591	Forrestania Pty Ltd	WA	Application	70	100%
E77/2364	Forrestania Pty Ltd	WA	Application	20	100%
E74/0592	Forrestania Pty Ltd	WA	Application	70	100%
E74/0586	Forrestania Pty Ltd	WA	Application	20	100%
E77/2361	Forrestania Pty Ltd	WA	Application	3	100%
E77/2348	Forrestania Pty Ltd	WA	Application	70	100%
E46/1104	Forrestania Pty Ltd	WA	Application	47	100%
E46/1105	Forrestania Pty Ltd	WA	Application	26	100%
E77/2345	Forrestania Pty Ltd	WA	Application	20	100%
E77/2346	Forrestania Pty Ltd	WA	Application	20	100%
E52/2889	Marindi Metals Limited	WA	Granted	8	100%
E52/1939-I	Marindi Metals Limited	WA	Granted	20	100%
A0648	Marindi Metals Limited	NT	Granted	0	100%
EL29021	Marindi Metals Limited	NT	Granted	46	100%
EL28951	Marindi Metals Limited	NT	Granted	3	100%
EL28007	Marindi Metals Limited	NT	Granted	13	100%
EL28006	Marindi Metals Limited	NT	Granted	19	100%
EL25467	Marindi Metals Limited	NT	Granted	100	100%
EL28952	Marindi Metals Limited	NT	Granted	3	100%
EL25313	Marindi Metals Limited	NT	Granted	8	100%
E52/3119	Marindi Metals Operations Pty Ltd	WA	Application	47	100%
E52/3344	Marindi Metals Operations Pty Ltd	WA	Application	101	100%
E52/3345	Marindi Metals Operations Pty Ltd	WA	Application	42	100%
E52/3362	Marindi Metals Operations Pty Ltd	WA	Application	30	100%
E52/3411	Marindi Metals Operations Pty Ltd	WA	Application	99	100%
E52/3415	Marindi Metals Operations Pty Ltd	WA	Application	11	100%
E52/3421	Marindi Metals Operations Pty Ltd	WA	Application	3	100%
E52/3444	Marindi Metals Operations Pty Ltd	WA	Application	31	100%
E52/1758	Mineral Investments Pty Ltd	WA	Granted	68	0%*
E52/1926	Prairie Mining Ltd	WA	Granted	44	0%*
E52/3103	Marindi Metals Operations Pty Ltd	WA	Granted	75	100%
E52/3230	Marindi Metals Operations Pty Ltd	WA	Granted	9	100%
E52/3231	Marindi Metals Operations Pty Ltd	WA	Granted	17	100%
E52/3241	Marindi Metals Operations Pty Ltd	WA	Granted	32	100%
E52/3283	Marindi Metals Operations Pty Ltd	WA	Granted	57	100%
E52/3284	Marindi Metals Operations Pty Ltd	WA	Granted	72	100%
E52/3410	Marindi Metals Operations Pty Ltd	WA	Granted	68	100%

\*earning a 100% interest under the terms of Farm-in Agreement

Figure 1 - Marindi Project Locations

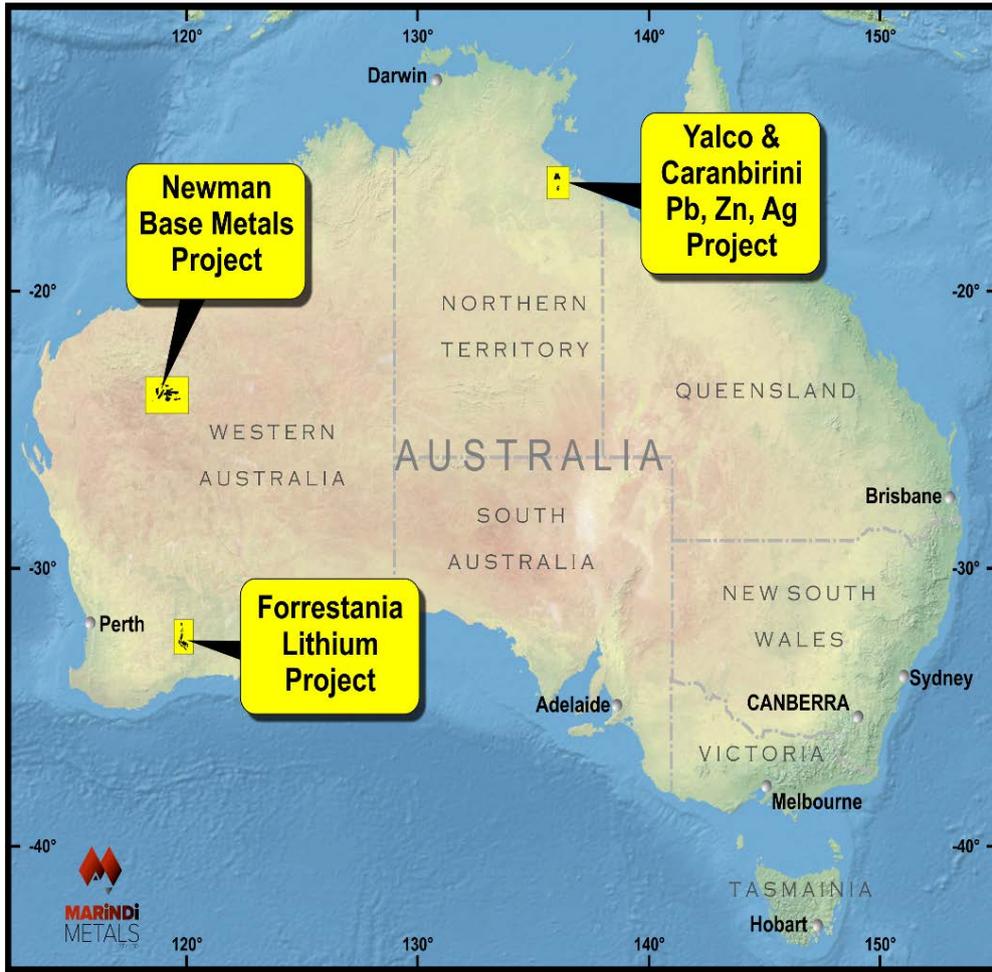


Figure 2 - Prairie Fault drillhole locations and Geochemistry

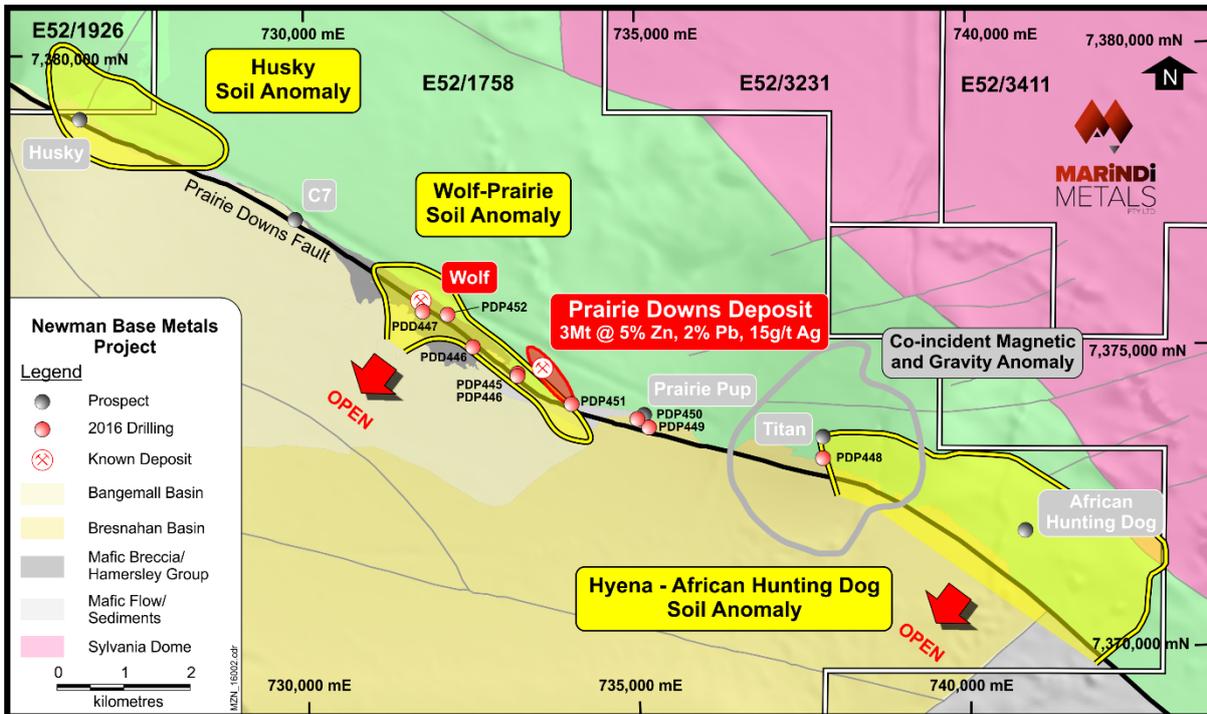


Figure 3 – Wolf – Prairie Drilling

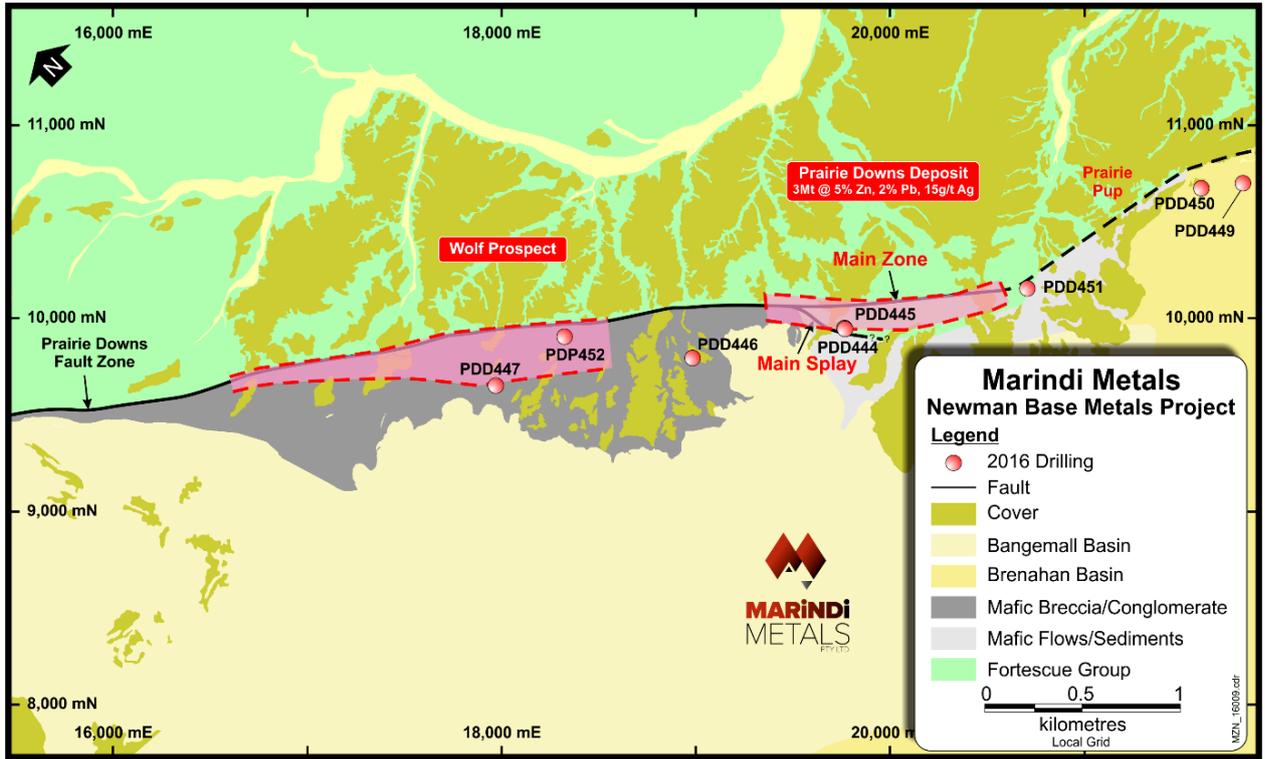


Figure 4 – Newman Base Metals Project Tenement Plan

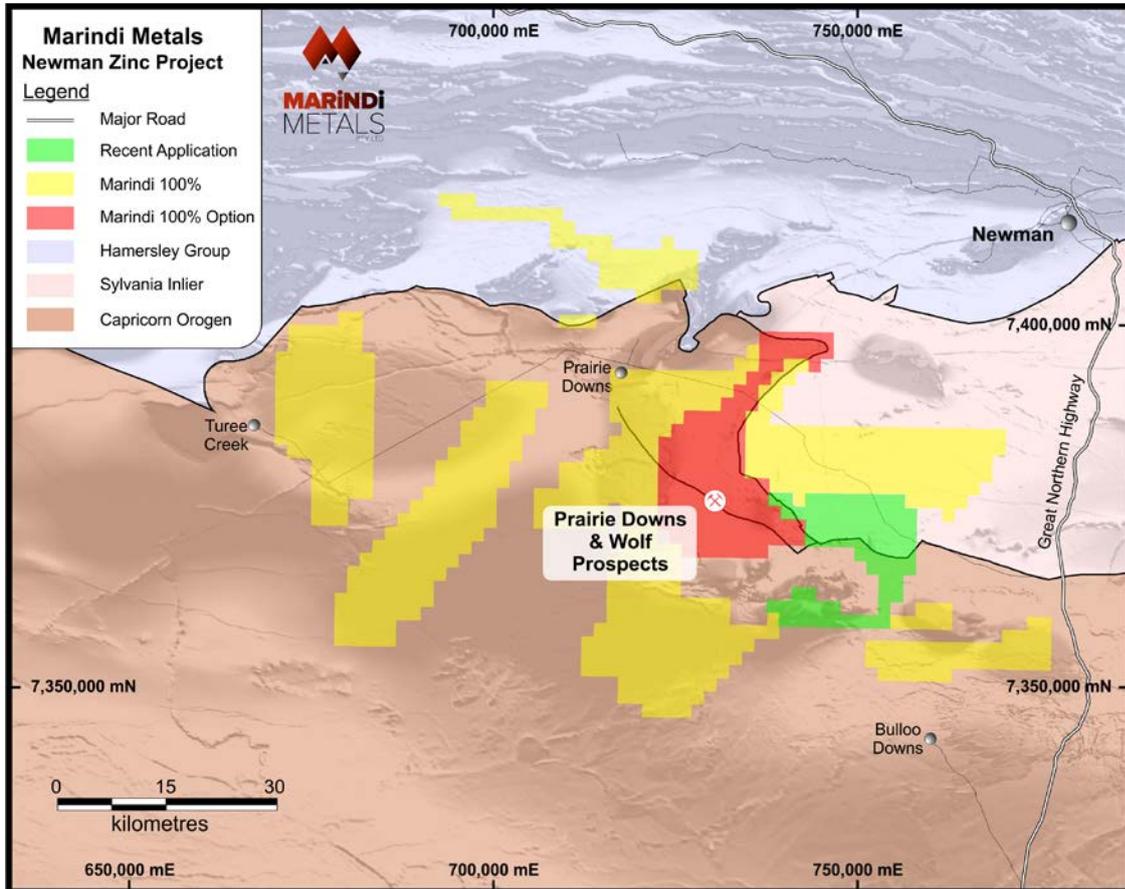




Figure 6 – M77/549

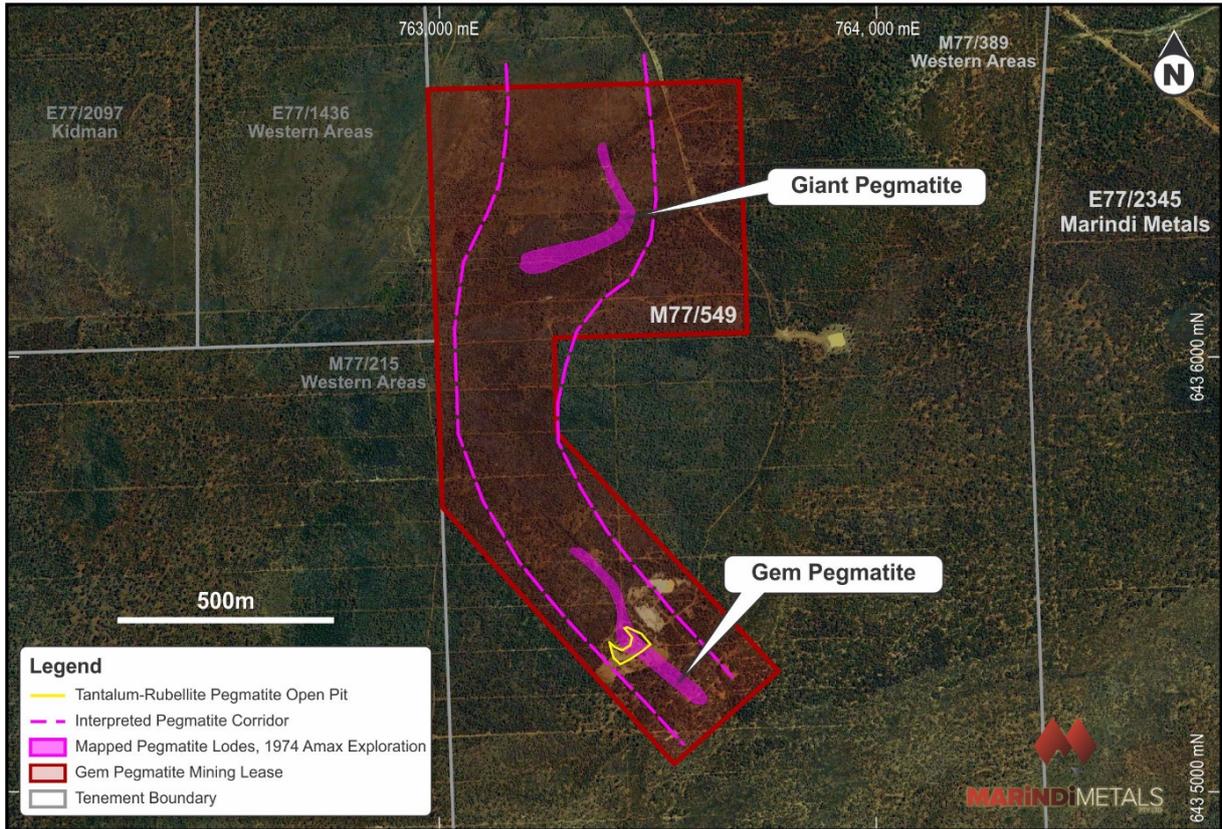
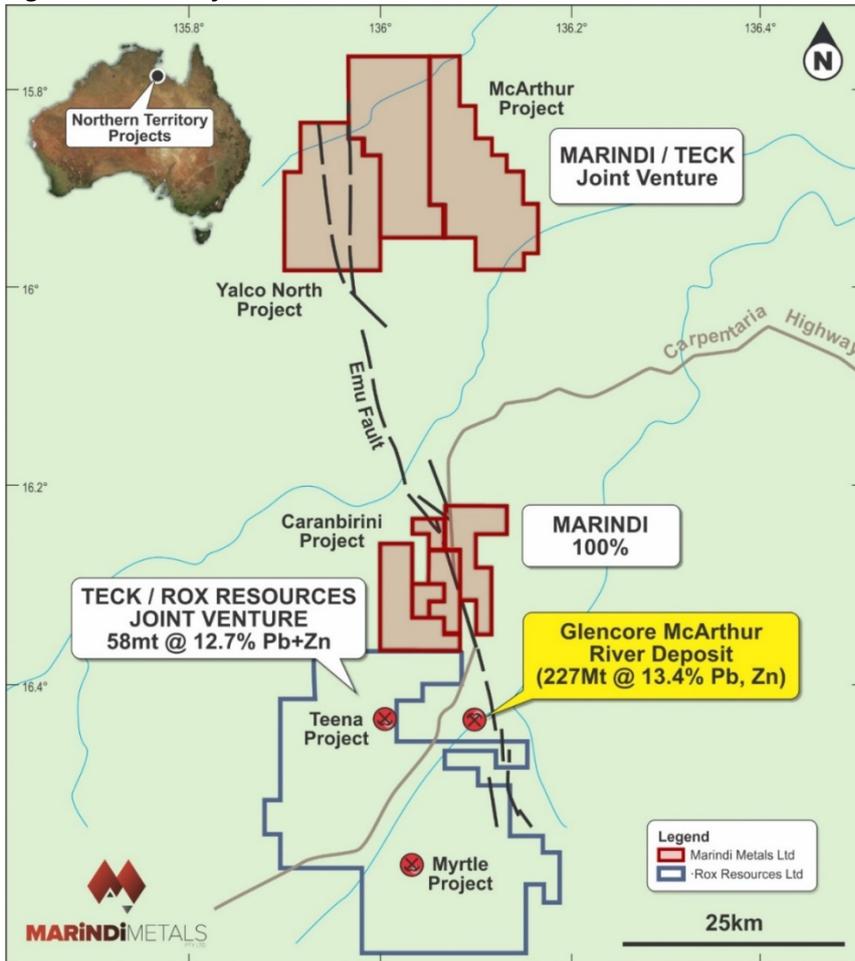


Figure 7 - NT Projects



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Figure 8 – Northern Territory Tenements

