



**METALSTECH**

Resourcing a cleaner greener future

ASX Release

26 April 2017

## March 2017 Quarterly Activities Report

MetalsTech Limited (ASX: MTC) is pleased to report its activities for the quarter ended 31 March 2017.

### Highlights

- Commenced trading on the Australian Securities Exchange (ASX) following successful completion of IPO which raised approximately \$4.3 million
- Drilling permit approvals obtained for both the Cancet and Adina lithium projects
- Resource definition drilling underway at the 100% owned Cancet Lithium Project, where up to 5.58% Li<sub>2</sub>O has been assayed in drill target zones at surface (*refer to ASX announcement dated 2 March 2017 and titled "Up to 5.58% Li<sub>2</sub>O in Drill Target Zone at MTC Cancet Project"*)
- Completion of the acquisition of high grade Bay Lake Cobalt Project in Ontario, where assays include up to 15.36% Co in historical mine workings (*refer to ASX announcement dated 16 March 2017 and titled "MetalsTech to Acquire Two High Grade Cobalt Projects"*)
- Drilling results for the first 26 diamond core holes at Cancet expected in the next week where significant spodumene mineralised drill intersections have been encountered starting from surface
- MetalsTech on-track to deliver maiden resource and scoping study at Cancet Lithium Project

### Lithium Projects

- Exceptional results received from detailed surface channel sampling program in high-priority drill target zones at the Company's 100%-owned Cancet Lithium Project in Quebec, Canada
  - Three spodumene-bearing pegmatite outcrops trenched and 26 channel samples collected
  - CH16-01 was 12.8m in length including intervals of 1.71% Li<sub>2</sub>O, 2.35% Li<sub>2</sub>O, 3.08% Li<sub>2</sub>O and 4.95% Li<sub>2</sub>O
  - CH16-02 was 10.6m in length including intervals of 1.19% Li<sub>2</sub>O, 2.11% Li<sub>2</sub>O and 2.50% Li<sub>2</sub>O
  - CH16-03 was 4.1m in length including intervals of 1.22% Li<sub>2</sub>O, 2.54% Li<sub>2</sub>O, 3.55% Li<sub>2</sub>O and 5.58% Li<sub>2</sub>O
  - Elevated Ta<sub>2</sub>O<sub>5</sub> across most of the identified mineralisation
- Drilling permits received for Cancet and Adina projects
- 4,000m diamond core drilling campaign commenced at the 100% owned Cancet Project to test the strike, dip and plunge continuity of pegmatite
- 2,000m diamond core drilling campaign at the 100% owned Adina project to commence in the early May 2017

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#### 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
Bay Lake	100% owned
New Altona	100% owned
Terre Des Montagnes	100% owned
Wells-Lacourciere	100% owned
Kapiwak	100% owned
Sirmac-Clapier	100% owned



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- Results to underpin maiden resource estimation and delivery of a scoping study in 2017
- 5kg spodumene sample undergoing testing to demonstrate treatment and extraction potential using Sileach™ and other conventional lithium processing technology

## Cobalt Projects

- Due Diligence and 100% acquisition of Bay Lake project completed
  - Bay Lake Cobalt Project covers 672ha, located 10km SSW of historic silver mining camp of the Cobalt township and has assayed up to 15.36% Co in historical mine workings
- Exploration to commence at Bay Lake in the coming weeks, with permitting underway
- Initial exploration to consist of airborne geophysics, IP survey, regional sampling and mapping to enable drill target identification
- Drilling to commence in June / July 2017 on the highly prospective Nipissing Diabase
- Additional prospective ground around the Bay Lake project area under evaluation for acquisition

## ASX Listing

MetalsTech Limited (ASX: MTC) commenced trading on the Australian Securities Exchange on 24 February following the successful completion of its Initial Public Offer which was heavily subscribed and raised approximately \$4.3 million.

EverBlu Capital acted as Lead Manager to the IPO. Upon listing, MTC had 76,073,000 fully paid ordinary shares on issue with a marketing capitalisation of \$15.2 million and a free float of approximately 33%.

## Cancel Exploration Program

During the Quarter, a trenching and channel sampling program at the Cancel Lithium Project was completed by a crew of two geologists over five days. Cancel is year-round road accessible and bisected by the Trans Taiga Highway, located approximately 100km east of La Grande 3 Airport.

Over the course of the five days, three outcrops were trenched and channel sampled, resulting in the collection of 26 samples.

Results included:

- CH16-01 was 12.8m in length including intervals of 1.71% Li<sub>2</sub>O, 2.35% Li<sub>2</sub>O, 3.08% Li<sub>2</sub>O and 4.95% Li<sub>2</sub>O
- CH16-02 was 10.6m in length including intervals of 1.19% Li<sub>2</sub>O, 2.11% Li<sub>2</sub>O and 2.50% Li<sub>2</sub>O
- CH16-03 was 4.1m in length including intervals of 1.22% Li<sub>2</sub>O, 2.54% Li<sub>2</sub>O, 3.55% Li<sub>2</sub>O and 5.58% Li<sub>2</sub>O.



Results of the detailed channel sampling program confirmed the presence of richly endowed spodumene outcrops located on the project. The outcrops that were sampled in and around the high priority drill target zones are consistently mineralised and are the focal point of the current drilling campaign. A total of 13 samples yielded  $\text{Li}_2\text{O}$  values  $>1.0\%$ , with a high of  $5.58\% \text{Li}_2\text{O}$ .

The average value from all samples collected was  $1.47\% \text{Li}_2\text{O}$  which is higher than the current major lithium deposits in Quebec including:

Nemaska Lithium (TSX:NMX)	Whabouchi Deposit	43.8Mt @ $1.46\% \text{Li}_2\text{O}$ (NI 43-101)
Galaxy Resources (ASX:GXY)	James Bay Deposit	22.2Mt @ $1.28\% \text{Li}_2\text{O}$ (JORC)
Sayona Mining (ASX:SYA)	Authier Deposit	13.75Mt @ $1.06\% \text{Li}_2\text{O}$ (JORC)
Critical Elements Corp (TSX-V:CRE)	Rose Deposit	37.2Mt @ $0.95\% \text{Li}_2\text{O}$ (NI 43-101)

The width of each of the three channel samples were limited only by the exposure of rock before the rock could no longer be cleared by hand tools and remains open in both directions, and importantly at depth which is being drill tested at present.

Most of the samples collected returned anomalous tantalum ( $\text{Ta}_2\text{O}_5$ ) values, which will likely increase the economic potential of the mineralised pegmatite. The average of all samples received at the Cancet Project for tantalum that were above the minimum detection limit of  $30\text{ppm Ta}_2\text{O}_5$  was  $102.5\text{ppm Ta}_2\text{O}_5$ , with the highest value returning  $380\text{ppm Ta}_2\text{O}_5$ .

MetalTech received drilling permits and other approvals necessary to undertake drilling at Cancet as well as the Adina project in early March, which allowed mobilisation of geological and drilling crews.

Dahrouge Geological Consultants were engaged to oversee the geological aspect of the planned drilling programs at both Cancet and Adina with Cabo Drilling Inc engaged to complete the drilling.

The Company commenced a  $4,000\text{m}$  diamond core drill program at Cancet to quantify potential resources in March.

The maiden diamond core drilling program will test the strike, dip and plunge continuity of several already identified pegmatite outcrops, believed to be part of a large contiguous high grade lithium ore body which is accessible from surface.

In conjunction with Dahrouge Geological Consultants, the Company has selected fifty (50) individual drill sites from which a proposed two-phase drilling campaign is to be completed. Phase 1 includes a minimum of twenty six (26) diamond core holes for approximately  $4,000\text{m}$  which will be drilled over a period of approximately six (6) weeks.





As reported on 7 April, drilling at Cancet was progressing well, with 10 diamond holes from a planned program of up to 50 holes in Phase 1 completed. Significant mineralisation was encountered in drill core (starting from surface).

To date a total of 26 diamond drill holes have been completed with the initial results demonstrating wide intersections which start at surface with high concentrations of spodumene. The mineralisation continues over a significant strike length and remains open at depth.

Drilling is expected to be completed within the next two weeks, and the Company is awaiting its first batch of assay results from the drill core.

An interim update on drilling is expected to be provided in the next week, which will further detail significant high grade spodumene enriched pegmatite intersections encountered from current drilling, starting from surface. A number of additional spodumene rich outcrops have also been identified at Cancet.

Drill core samples have been submitted for laboratory analysis with initial results expected in the coming weeks. The Company will be providing an update to shareholders on the progress of drilling shortly which will identify drill intersections encountered as well as spodumene concentrations which are a leading indicator to the grade of the deposit.

### **Metallurgical Testing**

MetalsTech has delivered spodumene samples to the NAGROM laboratory in Australia. Testing will focus on profiling the lithium ore at Cancet to support metallurgical testing and product specification studies with both MetalsTech's independent metallurgy and engineering consultants Primero and Lithium Australia (ASX:LIT), including testing the suitability of the LIT-owned Sileach™ lithium extraction and processing technology as well as conventional ore processing technology to treat and extract lithium from spodumene concentrate derived from the Cancet pegmatite.

Primero is a world-class metallurgical, engineering and ore processing consulting group with extensive lithium and tantalum experience. Primero has worked exclusively on the Galaxy Resources Mt Caitlin Lithium Project, the Greenbushes Lithium and Tantalum Project and the Pilbara Minerals Pilgangoora Lithium Project. Primero is also currently working on the Kidman Resources El Grey Lithium Project as well as the Tawana Resources Bald Hill Project.

Pursuant to the Technology Collaboration Agreement executed between LIT and MTC in October 2016, the Company has an exclusive licence to use and apply the Sileach™ lithium extraction and processing technology within Quebec, offering MTC a significant strategic advantage.





The Company is expecting to receive the initial results from the metallurgical testing in the coming weeks which will act as an early catalyst for the Company to commence early dialogue with key end user groups across North America and Asia.

### **Adina Project**

MetalsTech received drilling permits and other approvals needed to commence exploration drilling at Adina during March.

The Company has planned a 2,000m program of diamond drilling, expected to commence in late May 2017. Infrastructure is already in place to support this program.

### **Acquisition of Cobalt Projects**

In March, the Company completed the acquisition of a 100% interest in the Bay Lake Cobalt Project, located in Ontario, Canada.

### **Bay Lake Cobalt Project**

Bay Lake covers 672 hectares and is located less than 10km SSW of the Historic Silver Mining Camp of the Cobalt Township on the eastern shore of Bay Lake in Coleman Township, Ontario, Canada.

The Bay Lake project is located approximately 5km north-north-west of Equator Resources Limited (ASX: EQU), the owner of the Cobalt Camp Project where historical assays have reported cobalt grades up to 12.3% Co (range 0.42% Co to 12.3% Co - average of 5.84% Co) along strike in the same geological structure (*refer to ASX Announcement dated 28 November 2016 and titled "High Grade Cobalt Project Acquisition, Canada"*).

The Bay Lake project is also located less than 1km south of the TriOrigin Exploration Limited project, South Abitibi Project, which is undergoing detailed exploration diamond drilling and development on its project.

Most historical work at the project was completed in 1913 by the Bay Lake and Montreal River Mining Company and included six (6) shafts in Nipissing diabase and extensive stripping of the Nipissing diabase-Lorrain sediment contact.

From 1923 - 1934 Nipissing Mining Company Ltd, trenched and striped a portion of the project area and completed an unquantifiable amount of subsequent underground development. In 1951, Sadler and La Pierre completed 30m of shaft sinking and 30m of drifting on the 27m level. This drifting exposed a 15cm wide cobaltite-rich vein. Sub-surface rock samples taken from this cobaltite-rich vein on the 27m level produced assays including 15.36% Co, 15.29% Co, 14.31% Co and 15.27% Co (*source: geological notes by R. Thompson, 1951, Resident Geologists' Files, Township of Cobalt*). The relevant coordinates for the sub-surface rock samples is noted as Map Sheet 19 and Claim Block 004.

Historical reports indicate substantial cobalt grades in silver ore however the project's cobalt potential remains untested – cobalt was used as a tracer for silver mineralisation but not individually targeted.



Bay Lake has substantial existing underground mine workings related to past operations. The Company believes re-entry following rehabilitation of existing adits will open a significant amount of strike length of known structures for modern cobalt focused exploration and production.

In the project area, several Calcite veins occur within the lowest part of a Nipissing diabase sill near the contact with arkoses of the Lorrain Formation.

A surface grab sample of dump material (often referred to as “muck” which was left on surface during the silver mining and separation process) with disseminated pyrite, chalcopyrite, malachite and erythrite conducted in 1988 yielded assay values of 2600ppm Cu, 6550ppm Co, 305ppb Au and 920ppm Ni (source: Geoscience Laboratories Section, Ontario Geological Survey, Toronto). The relevant coordinates for the sub-surface rock samples is noted as Map Sheet 19 and Claim Block 004.



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MetalsTech entered into a binding acquisition agreement with the Vendors, pursuant to which the Company proposes to acquire a 100% interest in the Bay Lake Cobalt Project on the following material terms:

- CAD\$20,000 non-refundable deposit within 5 business days of execution of binding agreement
- MTC granted a 45-day exclusivity period to carry out legal, technical and commercial due diligence
- Following satisfactory due diligence, Completion Payments to the Vendors to acquire a 100% interest:
  - CAD\$80,000 cash
  - 125,000 fully paid ordinary MTC shares (12 months escrow)
  - Vendors retain a 1.5% Net Smelter Royalty over the cobalt metal produced
- MTC retains the right to buy back half of the NSR for CAD\$500,000, payable in any combination of cash or MTC shares at the 10-day VWAP
- Six (6) months from Completion, MTC will issue the Vendors a further 100,000 fully paid ordinary MTC shares (12 months escrow)
- Subject to MTC delineating an JORC or NI 43-101 Inferred Resource of greater than 7Mt at an average grade of greater than 1.5% Co at Bay Lake, MTC will make a Performance Payment to the Vendors of CAD\$125,000 payable in any combination of cash or MTC shares at the 10-day VWAP.

MetalsTech believes the Bay Lake project includes significant exploration upside and further growth opportunities due to minimal exploration techniques applied, structures are relatively shallow and amendable to Induced Polarisation (IP) analysis and low cost shallow drilling. Former mines provide a significant database for the Company on production assets and for exploration programs to target along strike.

Subject to the completion of the Acquisition, the Company immediately plans to commence an initial exploration program that will include:

- Conducting an Airborne EM survey over the key project areas with an initial focus on the highly prospective Nipissing Diabase contact zones;
- Conduct an IP survey; and
- Complete a drilling program targeted for mid-2017 following detailed first phase data analysis.

MetalsTech completed legal and technical due diligence for the Bay Lake project and settled the acquisition as announced on 7 April.

**ENDS**

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### **Caution Regarding Forward-Looking Information**

This document contains forward-looking statements concerning MetalsTech. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on the company's beliefs, opinions and estimates of MetalsTech as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

### **Competent Person Statement**

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Jody Dahrouge, PGeo, is a Competent Person who is a Professional Geologist registered with the Association of Professional Engineers and Geoscientists of Alberta, in Canada. Mr. Jody Dahrouge, PGeo, is the principal and founder of Dahrouge Geological Consulting Ltd. (Dahrouge). Dahrouge Geological Consulting Ltd. and all competent persons are independent from the issuer of this statement, MetalsTech Limited. Mr. Jody Dahrouge has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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. Jody Dahrouge consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Mr Dahrouge has reviewed the historical exploration results that are contained in this announcement and has validated the source of the historical information. Mr Dahrouge is satisfied with its inclusion in the form and context in which it appears in this announcement.



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