



**21 August 2018**

**HGM AGREES TO SELL NON CORE VANADIUM ASSET**

**HIGHLIGHTS**

- HGM has agreed to sell its non core WA vanadium project to ASX listed Surefire Resources NL (ASX:SRN) for the following consideration:
  - A\$500k in cash;
  - 62.5m SRN shares (A\$750k at deemed price of \$0.012), escrowed for six months;
  - A\$650k in cash or share consideration within 60 days of SRN announcing a PFS for the project with an IRR of over 20%; and
  - A\$650k in cash or share consideration within 60 days of SRN announcing a decision to mine.
- Sale monetises a non core asset to enable sole focus of the Company to be on its nine prospective Austrian gold and cobalt, copper, nickel projects

High Grade Metals Ltd (ASX: HGM) (“HGM” or the “Company”) is pleased to announce it has agreed to sell its non core WA vanadium project (‘Victory Bore’), to ASX listed Surefire Resources NL (ASX:SRN).

**High Grade Metals Managing Director & CEO Torey Marshall said:**

*“We are pleased to have been able to monetise our non core asset in Western Australia. This is a good result for shareholders as it places sole focus on our prospective Austrian projects, delivering a modest increase in our cash and asset position while retaining exposure to some of the potential upside for our shareholders if the WA project reaches two important milestones.*

*We look forward to future results of the project under the stewardship of the Surefire team.”*

**Sale Agreement Terms**

Under the terms of the agreement HGM will receive an A\$50k non refundable deposit. It will then receive the following consideration subject to the conditions precedent below:

- A\$500k cash;
- 62.5m SRN shares (A\$750k at deemed price of \$0.012), escrowed for six months;
- A\$650k in cash or share consideration at the election of HGM and payable within 60 days of SRN announcing a PFS for the project with an IRR of over 20% (with the issue price of any shares issued equal to the 5 day VWAP at the time of the announcement); and
- A\$650k in cash or share consideration at the election of HGM and payable within 60 days of SRN announcing a decision to mine (with the issue price of any shares issued equal to the 5 day VWAP at the time of the announcement).

The relevant conditions precedent are:

1. the members of SRN in general meeting approving of the issue and allotment to HGM of the shares forming part of the consideration;

High Grade Metals Ltd	Issued Capital	Australian Registered Office	Directors
ACN: 062 879 583 ASX: HGM	452,937,867 Shares 100,500,000 Options 240,000,000 Perf Shares	Level 11, London House 216 St. Georges Terrace Perth WA 6000	Torey Marshall – Managing Director and CEO Steve Formica – Non Executive Chairman Hayden Locke – Non Executive Director David Palumbo – Non Executive Director and Company Secretary

For personal use only



2. SRN raising A\$1 million of equity capital to fund the purchase of the project and exploration in relation to the Tenement;
3. SRN completing due diligence activities to its absolute satisfaction within a period of 14 days from the date of the agreement;
4. ASX not imposing escrow on any of the shares in SRN to be issued to HGM (or its nominee/s) pursuant to the agreement, excluding, for the avoidance of doubt, any voluntary escrow;
5. at the settlement date, the tenement being in good standing, full force and effect and free of encumbrances and not liable to cancellation or forfeiture;
6. the parties satisfying all legislative and regulatory requirements applicable to the transactions contemplated in the agreement; and
7. the parties obtaining all consents and approvals necessary to effect the transactions contemplated in the agreement, including without limitation any consent or approval required pursuant to the Mining Act.

The transaction is expected to complete before the end of the current calendar year.

**\*\*\* END \*\*\***

**For further information contact:**

**Torey Marshall**

CEO and Managing Director

info@highgrademetals.com.au

**Hayden Locke**

Non-Executive Director

info@highgrademetals.com.au

## About High Grade Metals Ltd

High Grade Metals (ASX: HGM) is an Australian mineral exploration company with a portfolio of brown fields cobalt, copper and gold assets. The Company's major projects are all located in mining friendly Austria, which covers an area of about 84,000 km<sup>2</sup> across Central Europe. The highly experienced management aims to grow the value of HGM's project portfolio to benefit shareholders by leveraging innovation and maximizing value of the assets through systematic exploration and teamwork. The dynamic two-year exploration and development program underpins the Company's business strategy.



**Figure 1. Location of High Grade Metals' Projects within Austria**

## HIGH GRADE METALS PROJECT OVERVIEW

### Austrian Gold Projects

The Company has a 100% interest in five Austrian gold projects covering a total of 200km<sup>2</sup>.

#### 1. Schellgaden North Gold Project

The flagship project lies within an exploration area of 152 overlapping Freischürfe covering an area of 69km<sup>2</sup>. Located in the historic Schellgaden Mining District (refer Figure 1 below), named after the village of Schellgaden, the focus of the district gold production until the early years of the 20th Century. Gold mining at Schellgaden dates back to pre-Roman times. Known gold mines, such as Stüblbau, date back to the 12th-13th Century and the smaller Schulterbau Mine is likely to be considerably older. Chroniclers described the presence of some 150 gold mines during the heyday of mining in the 16th Century. Accordingly, Schellgaden has been considered one of the richest and most active gold mining districts in Austria. Although frequently interrupted, mining activity continued until the first half of the 20th Century. The Company has prepared an Exploration Target for this area with drilling to test the target expected to commence in Q3 CY18.

#### 2. Schellgaden South Gold Project

The flagship project lies within an exploration area of 120 overlapping Freischürfe covering an area of 57.6km<sup>2</sup>. The project covers the southern extension of the Schellgaden North Gold Project.

#### 3. Goldeck-Sifflitz Gold Project

The project lies within an exploration area of 57 overlapping Freischürfe covering an area of 27.6km<sup>2</sup>. The project covers the historic mine workings of Guginock. The area has been known from the Middle Ages for its deposits of gold and antimony. The large number of mine dumps and traces of collapsed mine entrances that occur across the exploration area, provide testimony to its long history of mining. To the north of the project area lies the ancient Sifflitz Gold Mining District, which was exploited during the 16<sup>th</sup> and 17<sup>th</sup> centuries from over 106 independent mine sites.

#### 4. Kreuzeck East Gold Project

The project lies within an exploration area of 42 overlapping Freischürfe covering an area of 20.5km<sup>2</sup>. The project covers two famous old mining districts; the high grade gold mines north of Lengholz and the stibnite deposits of Lessnig-Radlberg that sit within the Goldeck-Kreuzeck Mining District. Compared the other projects, little is known about these mines and others within the project area as they have been abandoned for some time and are inaccessible.

#### 5. Kreuzeck West Gold Project

The project lies within an exploration area of 44 overlapping Freischürfe covering an area of 23.9km<sup>2</sup>. The projects also sits within the Goldeck-Kreuzek Mining District and includes for significant historical mines; Rabant, Gurskerkammer, Fundkofel, and Knappenstube-Strieden.

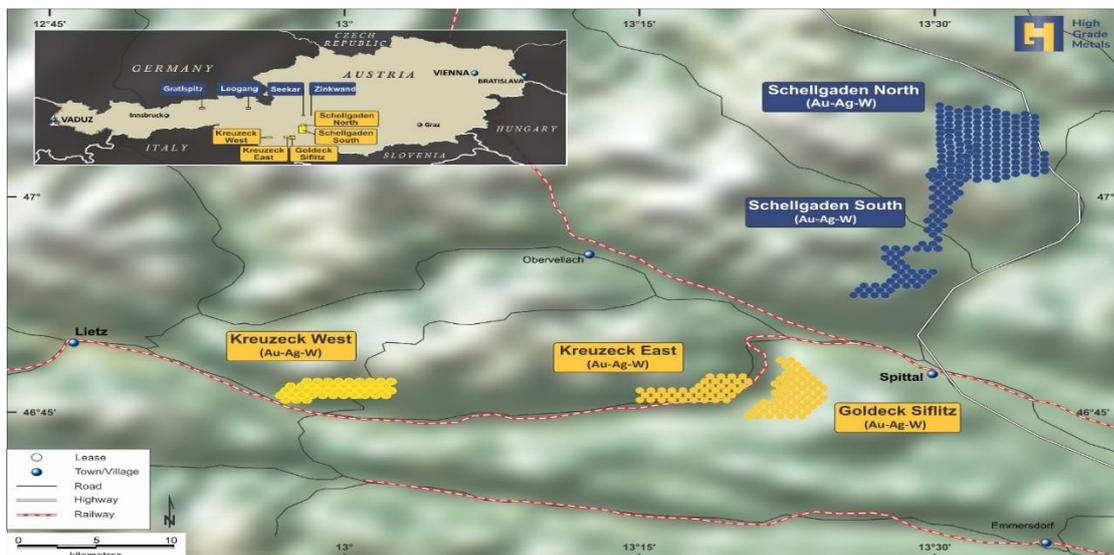


Figure 2: Location map showing the Company's Austrian Gold Projects

## Austrian Copper, Cobalt and Nickel Projects

The Company has a 100% interest in four Austrian gold projects covering a total of 85km<sup>2</sup>.

### 1. Leogang Cobalt, Copper, Nickel Project

The project lies within an exploration area of 63 overlapping Freischürfe covering an area of 27km<sup>2</sup>. The project covers one of the oldest and most famous mining localities in Austria, the Schwarzelo Valley, where mining was first documented in 1425. Nickel and cobalt were mined in the region from the mid-16th century when Leogang was famed for the diversity of its mineralogy and rich ore. At various times in its past, cobalt, nickel, copper and silver have been mined at Leogang. Mines include the Nöckelberg and Leogang mines. The Nöckelberg Prospect is the Company's immediate focus for which an Exploration Target has been prepared with drilling to commence in Q3 CY18.

### 2. Gratspitz Cobalt, Copper, Nickel Project

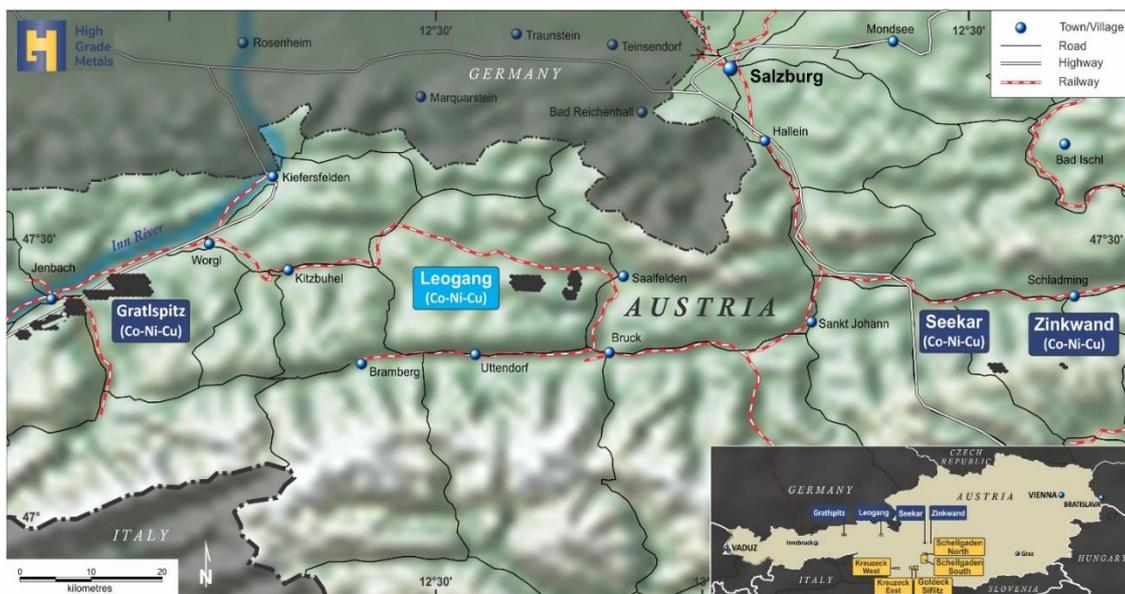
The flagship project lies within an exploration area of 132 overlapping Freischürfe covering an area of 53km<sup>2</sup>. The project lies within the Schwaz-Brixlegg Mining District, a renowned mining region, famous as the type locality of the mercurian fahlore variety 'schwazite'. The region was a significant producer of copper and cobalt. Exploitation of copper deposits dates back to the Late Bronze Age (9<sup>th</sup> Century BC – Breitenlechner et al., 2013). The first recording of a copper and silver refinery at Brixlegg dates back to 1463. Between 1420 and 1827, it has been estimated that some 190,000 tonnes of copper and 2,600 tonnes of silver were mined in this area. Cobalt occurrences are located at "Silberberg" (2 km south-southeast of Brixlegg), "Geyer", which lies close to Zimmermoos, 2 km - 6 km southeast of Brixlegg, and on the flanks of Gratspitz Mountain.

### 3. Seekar Cobalt, Copper and Nickel Project

The project lies within an exploration area of 9 overlapping Freischürfe covering an area of approximately 4km<sup>2</sup>. The project covers historic mine sites first established during the 16<sup>th</sup> century and mined intermittently through to 1923. Mineralisation is associated with hydrothermal vein sulphides and is typically polymetallic, copper, silver, nickel and cobalt. Vein thicknesses of up to 2m have been historically mined.

### 4. Zinkwand Cobalt, Copper and Nickel Project

The project lies within an exploration area of 2 overlapping Freischürfe covering an area of approximately 1km<sup>2</sup>. The project covers the site of historic sulphide mining including both cobalt and nickel. Several historical mining adits are still accessible within the project area.



**Figure 3 – Location map showing the Company's Cobalt, Copper and Nickel Projects in Austria**