

3 September 2018

AUSTRIAN DRILLING UPDATE

High Grade Metals Ltd (ASX: HGM) (“HGM” or the “Company”) is pleased to provide an update to the market on its drilling program now scheduled to commence in September 2018.

Drilling was expected to commence in mid-August at priority locations at the Schellgaden gold project using a fit for purpose rig (man portable) which was needed to access some of the sites with minimal disturbance as agreed with all stakeholders. A trailer mounted rig, which was otherwise available, was found to be unable to complete the priority holes in the program. The Company was advised that the required fit for purpose rig for Schellgaden was under repair and delays to receiving parts precluded its mobilisation in August. At this point the Company has been advised by the contractor that three rigs will be available in Austria as soon as practicable with two rigs to arrive in country in the week commencing 10th of September.

Based on the revised timing for availability of the fit for purpose (mobile) drilling rig, a trailer mounted rig will be moved to the Company's Leogang Cobalt, Copper and Nickel Project over the coming weeks to be ready to start drilling at that location. Shortly thereafter it will be supported by the fit for purpose portable rig for drilling in critical locations. Thereafter, a third rig (also man portable fit for purpose rig) will arrive in Austria and go to Schellgaden. Once drilling is completed at Leogang, all 3 rigs will be moved to, and operational at, Schellgaden to execute the full prioritised program there ahead of winter.

The Company and Energold are in constant contact on the timetable that will see three rigs progressively drilling both the Leogang and Schellgaden Projects before the end of November 2018. In order to reduce further delays, the Company is currently undertaking all the site preparations at both projects to reduce cycle time between holes.

The Company will advise the market once this timeline is confirmed and the fit for purpose drilling rig is rigged up in country.

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High Grade Metals Ltd

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Issued Capital

452,937,867 Shares
97,500,000 Options
240,000,000 Perf Shares

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Directors

Torey Marshall – Managing Director and CEO
Steve Formica – Non Executive Chairman
Hayden Locke – Non Executive Director
David Palumbo – Non Executive Director and
Company Secretary

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 km² 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 200km².

1. Schellgaden North Gold Project

The flagship project lies within an exploration area of 152 overlapping Freischürfe covering an area of 69km². 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 57.6km². 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 27.6km².

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 16th and 17th 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 20.5km². 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 23.9km². 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 85km².

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

The project lies within an exploration area of 63 overlapping Freischürfe covering an area of 27km². 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. **Gratlsitz Cobalt, Copper, Nickel Project**

The flagship project lies within an exploration area of 132 overlapping Freischürfe covering an area of 53km². 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 (9th 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 Gratlsitz Mountain.

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

The project lies within an exploration area of 9 overlapping Freischürfe covering an area of approximately 4km². The project covers historic mine sites first established during the 16th 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 1km². 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