

ASX Release
31 July 2020

June 2020 Quarterly Activities Report

MetalsTech Limited (ASX: MTC) is pleased to report its activities for the quarter ended 30 June 2020.

HIGHLIGHTS

JORC (2012) Mineral Resource Estimate

- JORC (2012) Mineral Resource Estimate for Sturec:
 - **21.2Mt @ 1.50 g/t Au and 11.6 g/t Ag, containing 1.026Moz of gold and 7.94Moz of silver** of which 67% is Indicated and Measured Resource Category using a 0.4g/t Au cut-off and within an optimised open pit shell; and
 - **388kt @ 3.45 g/t Au and 21.6 g/t Ag containing 43koz of gold and 270koz of silver**, of which 71% is Inferred Resource Category using a 2.85g/t Au cut-off (outside the optimised open pit shell) on an underground mining basis
 - based on 90.5% gold recovery rates on Sturec mineralisation using ammonium thiosulphate processing technology without the use of cyanide
- Deposit is open to the north and south along strike, as well as down-dip and plunge, indicating significant exploration upside and ready drill targets
- High-grade core of the known mineralisation plunges south into an undrilled zone, which will be the focus of resource expansion drilling

Metallurgical Testing Program

- MTC partnership with Clean Earth Technologies for use of proprietary cyanide-free thiosulphate-based gold recovery technology at the Sturec Gold Project
- The Company continues to mine and extract ore from the Andrej Adit under its recently awarded underground mining licence, with ore being shipped to Australia for bulk metallurgical testing covering conventional gravity separation, flotation, heavy liquid separation (HLS) and thiosulphate-based gold extraction technology

Underground Diamond Drilling Program

- Underground diamond drilling has commenced from within the Andrej Adit at the Sturec Gold Mine
- Exploration will include up to nine (9) diamond drill holes totalling approximately 3,000m and will focus on potential resource expansion
- Drilling will follow up STOR 3.11 which intersected:
 - **89.0m @ 6.9g/t Au and 23.6g/t Ag from 114m to 203m down hole using a 3g/t Au cut-off**
within a broader intersection of
 - **137.3m @ 4.6g/t Au and 16.5g/t Ag from 67.7m to 205m down hole using a 0.3g/t Au cut-off**
- Results from the current drill program will feed into the underground mine scoping study, which is expected to include as a first stage of operations, a simple and low

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CAPEX gravity separation and flotation concentrate operation with a shorter timeline to production

- The gold sector is booming and to capitalise on this the Company is looking to fast-track production at Sturec – the Company has accelerated the completion of a scoping study for a simple, high-grade underground mine that takes advantage of the existing Sturec infrastructure, mine workings and existing underground mining licence which was awarded to the Company in April 2020

Consolidation of Share Register

- Industrial chemicals manufacturer Wuxi Baichuan Chemical Industrial Co Ltd (BCC) divests of its remaining 7,790,000 share stake in MTC in a \$1.4 million bookbuild and sell down completed at 18c per share to institutional and sophisticated investors
- The Bookbuild was completed at a price of 18 cents per share representing a 27% premium to the 5-day VWAP and a 19% premium to the 10-day VWAP
- The Bookbuild was subscribed for by institutional and sophisticated investors, unrelated to the Company and was managed by the Company

Appointment of Technical Advisor and Board Changes

- Mark Calderwood joins MetalsTech as Technical Advisor to assist the Company with its development of the Sturec Gold Project in Slovakia – he is a member of the Australasian Institute of Mining and Metallurgy and has more than 25 years' experience in exploring and mining gold
- Mr Calderwood successfully led Persues Mining Limited as Managing Director and over 9 years, facilitated its transition from IPO to gold producer and an ASX100 company with a market capitalisation of > \$1.6 billion
- Mr Noel O'Brien resigns as Non-Executive Director and is appointed a Technical Advisor (Metallurgy & Processing)
- Together with the recent appointment of Mr Mark Calderwood as a Technical Advisor to the Company, Mr O'Brien's transition to a formal technical consulting role is in keeping with the Company's strategy to strengthen its technical capability as it seeks to advance development of the 100% owned Sturec Gold Mine

Funding

- Strategic Finance Agreement signed with existing MetalsTech financier Mr Zhengrong Chen for further investment by way of fixed price convertible notes (Notes)
- Key terms of the Notes include:
 - \$2.5 million investment through the issue of 10,000,000 Notes (*Notes will be issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1*)
 - secured against MTC's non-core Cancet Lithium Project
 - two-year term
 - interest rate of 10% p.a.
 - fixed conversion price of 25 cents per share and MTC may force conversion under certain conditions
 - 12 months escrow on shares following conversion
- Finalisation of the Notes are subject to internal and external regulatory approvals of the parties and approval by MTC shareholders (if required)

Note: This announcement is authorised by the executive board on behalf of the Company.

- Completion of Sophisticated Investor Placement (Placement) of \$1,125,000 through the issue of 7,031,250 fully paid ordinary shares at 16 cents per share (Shares allotted under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1A)
- Directors (and/or their nominees) to participate in the Placement and invest \$150,000 on the same terms as the Placement, subject to shareholder approval
- MTC is funded to achieve its objectives at the Sturec Gold Mine for 2020 which include resource expansion drilling, scoping study covering conventional gravity separation, flotation, heavy liquid separation (HLS) and thiosulphate-based gold extraction technology

Other

- During the Quarter ended 30 June 2020, Executive Chairman Mr Russell Moran presented at the NWR Resources Virtual Conference

OVERVIEW

The Sturec Gold Mine is located in central Slovakia between the town of Kremnica and the village of Lučky, 17km west of central Slovakia's largest city, Banská Bystrica, and 150km northeast of the capital, Bratislava.

During the Quarter ended 30 June 2020, the Company announced that it had delineated a JORC (2012) Mineral Resource on Sturec (**Mineral Resource**). The Mineral Resource was reported in accordance with JORC (2012) guidelines as 21.2Mt @ 1.50 g/t Au and 11.6 g/t Ag (1.59g/t AuEq¹), containing 1.026Moz of gold and 7.94Moz of silver (1.086Moz of gold equivalent) using a 0.4g/t Au cut-off within an optimised open pit shell; as well as 388kt @ 3.45 g/t Au and 21.6 g/t Ag (3.60g/t AuEq¹), containing 43koz of gold and 270koz of silver (45koz of gold equivalent) outside the optimised open pit shell on an underground mining basis.

The Company has continued to progress the metallurgical testing program on the Sturec ore in Australia in collaboration with Nagrom, Clean Earth Technologies and the CSIRO. Mr Noel O'Brien, Technical Advisor (Metallurgy & Processing), is overseeing the testing program. The Company continues to mine and extract ore from the Andrej Adit under its recently awarded underground mining licence, with ore being shipped to Australia for bulk metallurgical testing covering conventional gravity separation, flotation, heavy liquid separation (HLS) and thiosulphate-based gold extraction technology.

During the Quarter ended 30 June 2020, the Company commenced diamond drilling from within the underground Andrej Adit as part of a multi-stage exploration program at Sturec.

Drilling will test the previously unexplored area adjacent to and down dip / plunge of the existing high-grade mineral resource at Sturec. A total of nine (9) diamond drill holes within the Andrej Adit have been planned for a total of approximately 3,000m.

Drilling will test the interpreted extension of the high-grade plunging zone within the Sturec Mineral Resource that is believed to extend from historic drill hole STOR 3.11 to a previously unexplored area to the south. STOR 3.11 is included within the recently announced JORC (2012) Mineral Resource Estimate for Sturec and its close proximity to the boundary extent of the resource (~70m), is interpreted to indicate there is excellent potential along plunge of this drill hole to locate further high-grade mineralisation outside the current Sturec Mineral Resource (refer to Figure 1).

¹ AuEq g/t = ((Au g/t grade*Met. Rec.*Au price/g) + (Ag g/t grade*Met. Rec.*Ag price/g)) / (Met. Rec.*Au price/g)
 Long term Forecast Gold and Silver Price (source: World Bank, JP Morgan): \$1,500 USD/oz and \$20 USD/oz respectively.
 Gold and silver recovery from the 2014 Thiosulphate Metallurgical test work: 90.5% and 48.9% respectively.
 It is the Company's opinion that both gold and silver have a reasonable potential to be recovered and sold from the Sturec ore using Thiosulphate Leaching/Electrowinning as per the recoveries indicated.

Note: This announcement is authorised by the executive board on behalf of the Company.

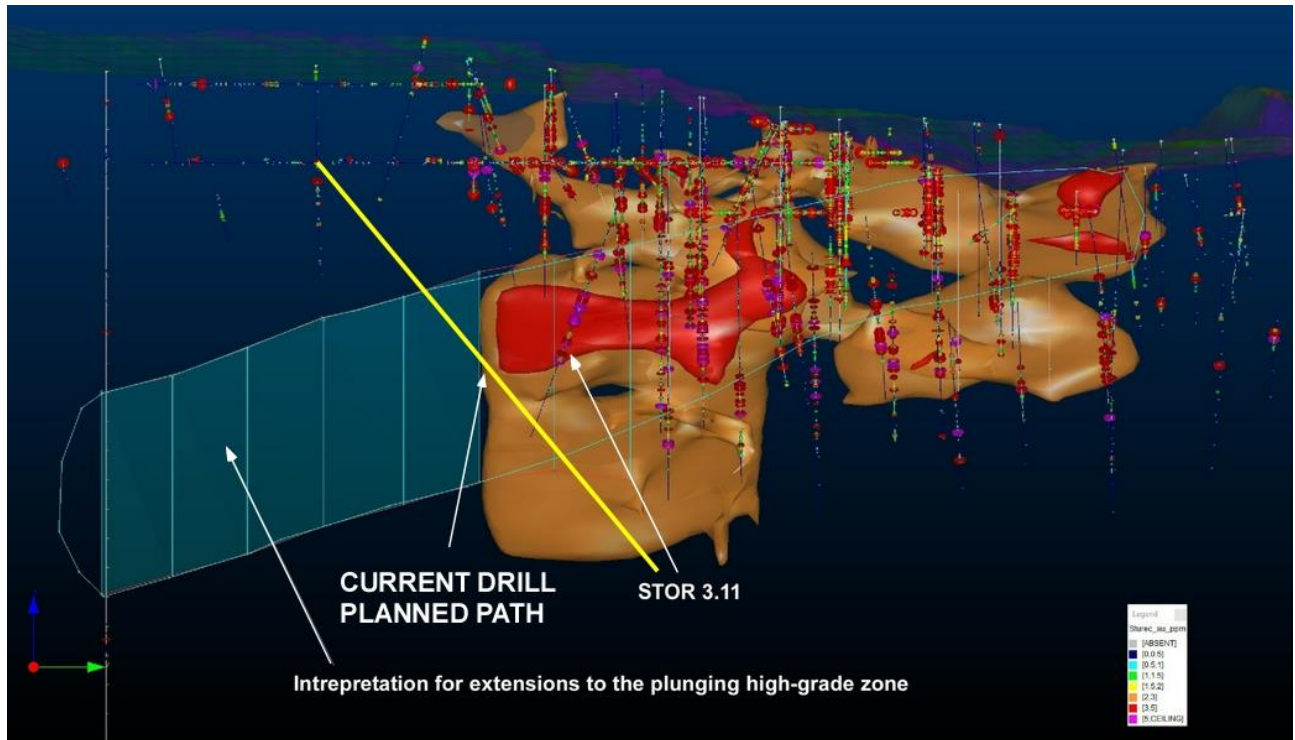


Figure 1: Planned trace of the first drill hole and its location relative to STOR 3.11 and the border of the known mineralisation within the existing Mineral Resource

STOR 3.11 intersected **89.0m @ 6.9g/t Au and 23.6g/t Ag from 114m to 203m** down hole using a 3g/t Au cut-off within a broader intersection of **137.3m @ 4.6g/t Au and 16.5g/t Ag from 67.7m to 205m** down hole using a 0.3g/t Au cut-off.

Refer to ASX Announcement dated 21 April 2020 and titled “MetalsTech Targets High Grade Gold Zone”.

The following images show the drill rig being mobilised to site at Sturec and being set up at the drill site in the underground Andrej adit:



Image 1: Drill rig and ancillary equipment at the entry to the underground Andrej adit

Note: This announcement is authorised by the executive board on behalf of the Company.



Image 2: Drill rig and ancillary equipment being mobilised to the underground Andrej adit



Image 3: Drill rig and ancillary equipment being mobilised to the underground Andrej adit

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Image 4: Drill rig and ancillary equipment being set up at the drill site within the underground Andrej adit

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The underground diamond drilling program is progressing well with the first hole currently at a depth of 100.5m (planned to continue to 350m) with core recovery reported to be excellent (>95%).

The drill hole is expected to imminently intersect the interpreted exploration target zone along plunge of historic drill hole STOR 3.11 at approximately 110m into the hole. The first drill hole is expected to test the interpreted extension of the high-grade plunging zone at approximately 80m along plunge from historic drill hole STOR 3.11 and on the border of the recently announced JORC (2012) Mineral Resource Estimate for Sturec.

As predicted, so far the drill hole has intersected weakly altered andesite with only some minor, localised quartz veinlets. However, an unexpected, prospective quartz vein zone was intersected early during the drilling of the current hole at between 0.5-3m depth downhole. From approximately 110m into this hole, we expect to hit the exploration target zone where we have interpreted that the high-grade gold mineralisation zone extends down plunge from drill hole STOR 3.11. If this drill hole successfully intersects this high grade gold zone, we would expect to encounter lower grade gold mineralisation at first, before intersecting sections of higher gold grade within the overall predicted 80-100m wide mineralised zone, similar to the style of mineralisation that was intersected in historic drill hole STOR 3.11.

The map below shows the location of Sturec relative to the other major gold and copper-gold projects in the region.

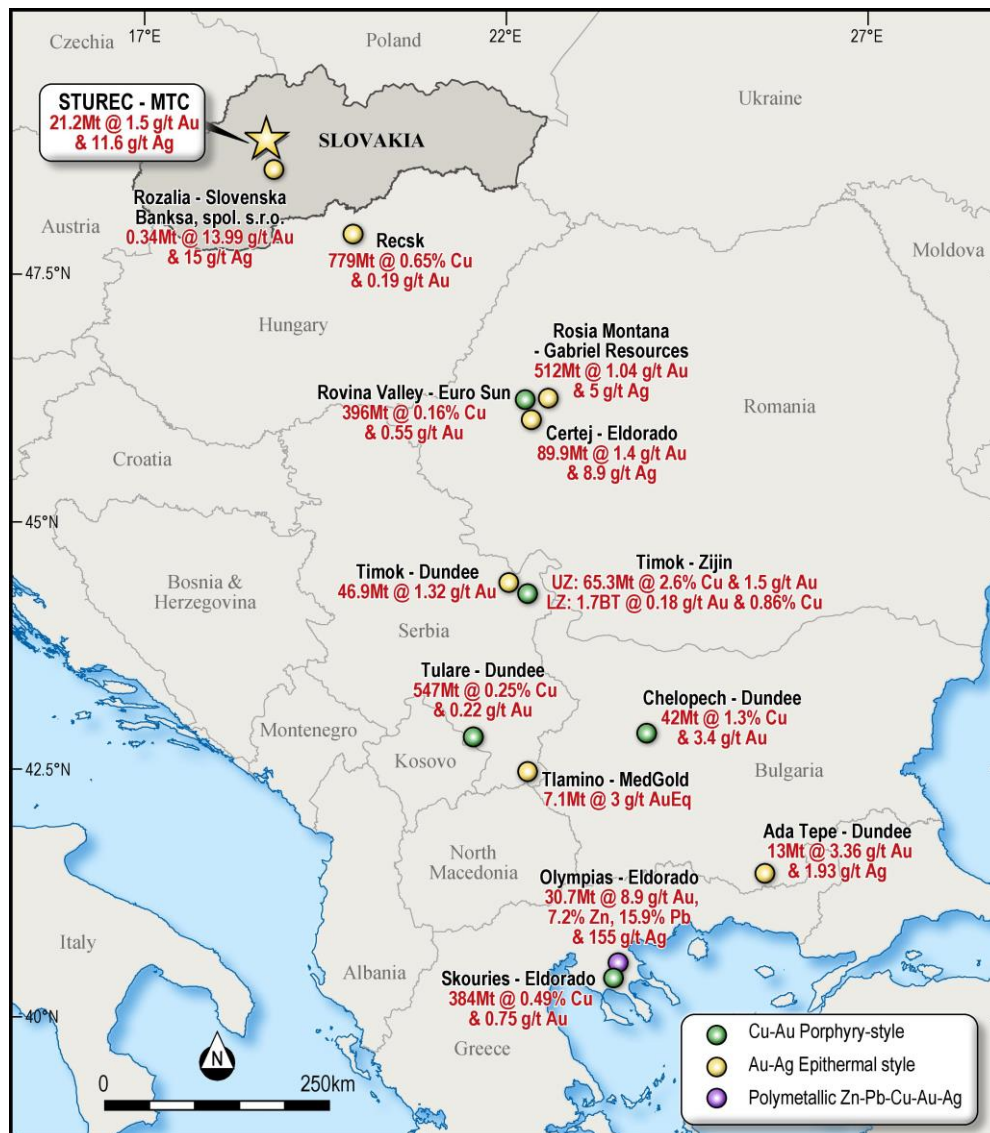


Figure 2: Location of Sturec relative to the other major gold and copper-gold projects in the region

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CONSOLIDATION OF SHARE REGISTER

During the Quarter ended 30 June 2020, the Company advised that Industrial chemicals manufacturer Wuxi Baichuan Chemical Industrial Co Ltd (BCC) divested of its remaining 7,790,000 share stake in MTC in a \$1.4 million bookbuild and sell down completed at 18c per share to institutional and sophisticated investors.

The Bookbuild was completed at a price of 18 cents per share representing a 27% premium to the 5-day VWAP and a 19% premium to the 10-day VWAP.

The Bookbuild was subscribed for by institutional and sophisticated investors, unrelated to the Company.

APPOINTMENT OF TECHNICAL ADVISOR AND BOARD CHANGES

During the Quarter ended 30 June 2020, the Company advised that Mark Calderwood joined MetalsTech as Technical Advisor to assist the Company with its development of the Sturec Gold Project in Slovakia – he is a member of the Australasian Institute of Mining and Metallurgy and has more than 25 years' experience in exploring and mining gold. Mr Calderwood successfully led Persues Mining Limited as Managing Director and over 9 years, facilitated its transition from IPO to gold producer and an ASX100 company with a market capitalisation of > \$1.6 billion.

In addition, Mr Noel O'Brien has resigned from the Board of the Company as Non-Executive Director and has been appointed a Technical Advisor (Metallurgy & Processing).

Together with the recent appointment of Mr Mark Calderwood as a Technical Advisor to the Company, Mr O'Brien's transition to a formal technical consulting role is in keeping with the Company's strategy to strengthen its technical capability as it seeks to advance development of the 100% owned Sturec Gold Mine.

FUNDING

During the Quarter ended 30 June 2020, the Company advised that it had signed a Strategic Finance Agreement with existing MetalsTech financier Mr Zhengrong Chen for further investment by way of fixed price convertible notes (Notes).

Key terms of the Notes include:

- \$2.5 million investment through the issue of 10,000,000 Notes (*Notes will be issued either under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1 or subject to shareholder approval, as the case may be*)
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Directors (and/or their nominees) will also participate in the Placement and invest \$150,000 on the same terms as the Placement, subject to shareholder approval.

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OTHER

During the Quarter ended 30 June 2020, Executive Chairman Mr Russell Moran presented at the NWR Resources Virtual Conference.

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 Results is based on information compiled by Dr Quinton Hills Ph.D., M.Sc., B.Sc. Dr Hills is the technical advisor of MetalsTech Limited and is a member of the Australasian Institute of Mining and Metallurgy (No. 991225). Dr Hills 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'. Dr Hills consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Mineral Resources for the Sturec Gold Deposit is based on information compiled by Mr Chris Grove, who is a Member of The Australasian Institute of Mining and Metallurgy (No. 310106). Mr Grove is a full-time employee of Measured Group Pty Ltd and 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 Grove consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ASX Listing Rules Compliance

In preparing this announcement dated 31 July 2020, the Company has relied on the announcements previously made by the Company and disclosed below. The Company confirms that it is not aware of any new information or data that materially affects those announcements previously made, or that would materially affect the Company from relying on those announcements for the purpose of this announcement dated 31 July 2020.

Sturec Gold Project

Pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 20 November 2019, 30 December 2019, 17 February 2020, 11 March 2020, 2 April 2020, 8 April 2020, 13 May 2020, 29 June 2020, 7 July 2020, 21 July 2020, 23 July 2020 and 28 July 2020.

Note: This announcement is authorised by the executive board on behalf of the Company.

Background: Sturec Gold Mine

The Sturec Gold Mine is located in central Slovakia between the town of Kremnica and the village of Lučky, 17km west of central Slovakia's largest city, Banská Bystrica, and 150km northeast of the capital, Bratislava.

Sturec contains a total Mineral Resource of 21.2Mt @ 1.50 g/t Au and 11.6 g/t Ag (1.59g/t AuEq) using a 0.4g/t Au cut-off and within an optimised open pit, containing 1,026,000 ounces of gold and 7,944,000 ounces of silver (1,086,000 ounces of gold equivalent) in accordance with JORC (2012). An additional 388,000 tonnes at 3.45 g/t Au and 21.6 g/t Ag (3.60g/t AuEq) outside the optimised open pit contains an additional 43,000 ounces of gold and 270,000 ounces of silver (45,000 ounces of gold equivalent), reported in accordance with JORC (2012).

Table 1: Mineral Resource Estimate – Sturec Gold Project

Sturec Mineral Resource Estimate								
Resource Estimate above 0.40 g/t Au cut-off and within an optimised open pit shell								
Resource Category	Tonnes (kt)	Density (t/m ³)	Au (g/t)	Ag (g/t)	AuEq ¹ (g/t)	Au (koz)	Ag (koz)	AuEq ¹ (koz)
Measured	3,000	2.17	1.69	13.5	1.79	161	1291	171
Indicated	11,200	2.24	1.79	14.9	1.90	643	5373	685
Measured + Indicated	14,200	2.23	1.77	14.6	1.87	804	6664	856
Inferred	7,000	2.33	0.97	5.6	1.01	222	1280	230
TOTAL	21,200	2.26	1.50	11.6	1.59	1026	7944	1086
Resource Estimate above 2.85 g/t Au cut-off: outside optimised open pit shell								
Resource Category	Tonnes (kt)	Density (t/m ³)	Au (g/t)	Ag (g/t)	AuEq ¹ (g/t)	Au (koz)	Ag (koz)	AuEq ¹ (koz)
Measured	-	-	-	-	-	-	-	-
Indicated	114	2.28	3.39	25.6	3.57	12	94	13
Measured + Indicated	114	2.28	3.39	25.6	3.57	12	94	13
Inferred	274	2.34	3.47	19.9	3.61	31	176	32
TOTAL	388	2.34	3.45	21.6	3.60	43	270	45

¹ AuEq g/t = ((Au g/t grade*Met. Rec.*Au price/g) + (Ag g/t grade*Met. Rec.*Ag price/g)) / (Met. Rec.*Au price/g)

Long term Forecast Gold and Silver Price USD/oz (source: World Bank, JP Morgan): \$1,500 and \$20 respectively.

Gold And silver recovery from the 2014 Thiosulphate metallurgical test work: 90.5% and 48.9% respectively.

It is the Company's opinion that both gold and silver have a reasonable potential to be recovered and sold from the Sturec ore using Thiosulphate Leaching/Electrowinning as per the recoveries indicated.

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