

8th July 2020

Board Restructure and Chair Appointment

Metalsearch Limited (“MSE” or “the Company”) an aspiring industrial mineral and compound producer, underpinned by proprietary technologies is pleased to announce the following Board changes and Chair appointment.

Board Changes

Mr Keong Chang has stepped down as Chairman and resigned as a director of the Company. The Company thanks Mr Chan for his service and his commercial oversight in aiding the reset of the Company’s board and executive capabilities in order to best deliver on its projects.

Mr Peter Zardo will join the board and assume the role of Managing Director. Mr Zardo has played an instrumental role in setting the operational foundation and direction of the Company since his appointment on the 7th April 2020 as Chief Operating Officer. Mr. Zardo has initiated a range of strategic initiatives in order to execute the Company’s vision and deliver on its core objective – to create shareholder wealth by leveraging novel and proprietary mineral processing technologies to drive future production of mineral and industrial compounds from the Abercorn Project.

The material terms of Mr Zardo executive service agreement are detailed in the attached annexure. Mr Zardo executive service agreement was entered into in April 2020 on his appointment as Metalsearch Chief Operating Officer. There has been no change to his agreement on taking on the role as Metalsearch Managing Director.

Appointment of the new Chair

The Company is pleased to announce the appointment of experienced materials scientist, Ms Sylvia Tulloch to the board as Chair of the Company.

Ms Tulloch brings with her many years’ experience in establishment and management of high technology businesses, with a particular interest in the commercialisation process, mineral technologies and the cleantech sector. Ms Tulloch is an investor in, and Director of many start-up companies, has founded and taken 2 companies to ASX listing and held government advisory positions in the start-up, renewable energy, and manufacturing sectors. She holds a (BSc) Bachelor of Science and (MSc) Masters in Materials Science - Ceramics, from the University of New South Wales.

Ms Tulloch was founding Managing Director of Dyesol Limited, a company established to commercialise the R&D into 3rd generation solar technology, which had been undertaken by the Australian team since 1995. Dyesol listed on the ASX in 2005, and during her tenure took the market capitalisation of the Dyesol from \$10 million to over \$200 million.

Ms Tulloch offers the board a deep understanding of materials science (with expertise in zeolites) and intellectual property licensing know-how, combined with hands-on R&D experience that will support the Managing Director drive the Company’s accelerated commercialisation of its patent-pending zeolite mineral processing technology and aid in progressing the development of the Company’s Abercorn Project.

This Announcement has been approved by the Board.

- End -

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About Metalsearch

Our objective is to become an Australian industrial mineral and compound producer, underpinned by patent-pending technologies. We remain focused on the development of our Queensland based Abercorn Project, acquired in August 2019. Abercorn is a large-scale kaolin prospect, which has the potential to underpin the production of kaolin mineral product for global markets and industrial compounds manufactured by using our novel and proprietary mineral processing technologies.

The Company is working with the University of Queensland to develop and commercialise novel and proprietary zeolite mineral processing technology that consumes kaolin or suitable mine tailings to produce high value zeolites. The technology has the potential to fast track development of the Abercorn Project, with a low capital cost to reach commercial production, utilising the company's existing kaolin feedstock.

It also provides potential opportunities to monetise broader application of the technology outside the company by offering a significantly lower cost method of manufacturing zeolites compared to conventional processes.

About the Abercorn Project

The Abercorn Project has demonstrated it contains a resource of significant scale and a very consistent, high quality grade of kaolinite mineralisation. The resource remains open in all directions with less than circa 10% of the Project area being drilled, leaving potential for substantial future upgrade.

Total Maiden Resource¹ for the Abercorn Project area is 39.06Mt yielding 36.8% -20µm grading 28.6% Al₂O₃ containing the following high-grade sections:

- An area called the Railcut Prospect contains 14Mt yielding 38% -20µm fraction grading 30.26% Al₂O₃
- An area called the Area 3 Prospect contains 1.66 Mt yielding 30.9% -20µm fraction grading 30.7% Al₂O₃

The total number of holes drilled into the project is now 86 for a total of 3,172m.

Project highlights include:

- Large scale mineralised system from surface
- 86 RC holes drilled - kaolinite intersected in every hole
- Resource remains open in all directions
- Potential for significant resource upgrade - drilling represents less than 10% of tenement
- Low cost operation - straight forward open cut mining
- Little to no overburden
- Low impurities
- Mains power on site / major power transmission line within 5km of site
- Large water supply nearby and within EPM
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The Abercorn Project is situated approximately 135km south of the deep-water port of Gladstone and 125km west of the deep-water port of Bundaberg in central Queensland. Both major ports are connected to the Abercorn Project by sealed roads. The Burnett highway bisects the tenements.

¹See Metalsearch Limited ASX Announcement 6th July 2020. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Annexure

The material terms of the executive service agreement with Mr Zardo, which was entered into in April 2020, are as follows:

1. \$165,000 per annum base salary (plus statutory superannuation).
2. Rights to the following service securities (Issued 6 April 2020):
 - 2.1 20,000,000 unlisted sign on options with an exercise price of \$0.015 cents and an expiry date of four years from the commencement date of the employment. The options will not vest until the 12-month anniversary of the Commencement Date.
3. Rights to the following performance incentive securities (Issued 6 April 2020):

Five tranches of performance rights (Class C, D, E, F and G) of 10,000,000 performance rights each, with each tranche having the following performance hurdles:

 - 3.1 Class C - On the Pilot Plant Completion Date (as that term is defined in the Licence Agreement);
 - 3.2 Class D - Upon completion and sign off by a competent person of a prefeasibility study (as that phrase is defined in the JORC Code 2012) of the Abercorn Project;
 - 3.3 Class E – upon the first to occur of either:
 - (a) execution and completion of a sub-licensing agreement under clause 4.2 of the Licence Agreement between Metalsearch and UQ and pursuant to which Metalsearch has commenced receiving royalty payments from the sub-licensor arising from commercial production of synthetic zeolites; or
 - (b) execution and completion of an unconditional offtake agreement pursuant to which the third party agrees to take or pay a minimum of 1,000,000 tonnes of kaolin (on a dry metric tonne basis) per annum for minimum period of five years
 - 3.4 Class F - Upon the commencement of commercial production of either ALUM or HPA from the proprietary HPA processing patents owned and developed by Metalsearch; and
 - 3.5 Class G - Upon commencement of commercial production of synthetic zeolite (as that phrase is defined in the Licence Agreement).
4. The agreement is for a fixed term of 2 years, although;
 - may be terminated by the Company with 6 months' notice under specified terms and subject to a termination benefit equal to the balance of term (subject to shareholder approval)
 - may be terminated by the Company with immediate effect in the event of serious or wilful misconduct