



20 December 2017

Company Announcements Office
ASX Limited
Exchange Centre
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SYDNEY NSW 2000

MT CARBINE QUARRY & MINING LEASES – BINDING HEADS OF AGREEMENT

Speciality Metals International Limited (ASX:SEI), (Speciality Metals or the Company) is pleased to announce it has entered into a binding Heads of Agreement for the purchase of the Mt Carbine Quarry and Mining Leases, ML 4919 and ML 4867, with the quarry and leaseholder, Mt Carbine Quarries Pty Ltd.

Whilst the ownership of the Mining Leases is integral to the successful development of the Company's Mt Carbine Tungsten Project, the quarry will also provide Speciality Metals with an invaluable source of cash flow from the existing quarry business. The associated quarry infrastructure will also be of significant benefit in the development of the Company's future mining operations.

Executive Chairman of Speciality Metals, Mr Russell Krause comments:

"The purchase of these Mining Leases will enable Speciality Metals to extend its footprint at a time when demand for Tungsten continues to rise."

In the third quarter of 2017, the tungsten APT (ammonia para tungstate) reached a high of US\$335 (per 10kg MTU). Factors affecting the tungsten price include restriction of supply in China leading to increased production costs for tungsten concentrates and speculation surrounding the military escalation in North Korea.

"Given the rise of the tungsten price, Speciality Metals has engaged in preliminary discussions with several interested offtake parties, whilst investigating the viability of recommissioning and recommencing production at its Tailings Retreatment Plant.

"The cash flow generated from the successful development of the Mt Carbine Tungsten Project will enable Speciality Metals to take full advantage of improving market conditions," Mr Krause concluded.

The Mining Leases sit within Speciality Metals' Iron Duke prospect (see figure 1 below), where mapping and sampling have indicated extensive strike length.



Figure 1

The Mt Carbine project covers ~367 hectares, with the historical Mt Carbine mine located 130km by sealed highway from the port of Cairns.

The parties have agreed to have the Contract of Sale executed by mid-March 2018.

About Speciality Metals International Limited

Speciality Metals International Limited (ASX:SEI), formerly Carbine Tungsten Limited (ASX:CNQ) plans to be a pre-eminent Australian tungsten producer from the historic Mt Carbine tungsten mine in Far North Queensland.

The Company has several diversified projects operating in New South Wales, Far North Queensland and in Chile.

It aims to create shareholder value through the exploration and development of its current portfolio, whilst continuing to evaluate corporate and exploration opportunities within the speciality metals sector.

R H Krause

Executive Chairman

Speciality Metals International Limited