



ASX ANNOUNCEMENT

28 February 2019

Company Announcements Office
ASX Limited
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SYDNEY NSW 2000

FINANCING ARRANGEMENTS UPDATE - MT CARBINE QUARRY & MINING LEASES

Speciality Metals International Limited (ASX:SEI, “**Speciality Metals**” or “the **Company**”) is pleased to provide the following update in relation to Cronimet Holding GmbH’s (“**CRONIMET**”) participation in the staged development of the Mt Carbine Tungsten Project and the purchase of the Mt Carbine Quarry and Mining Leases, ML4867 and ML4919, through alternative financial instruments.

As **CRONIMET**’s due diligence on the Mt Carbine Tungsten Project (“**Project**”) is nearing completion, the contractual arrangements associated with their participation in the staged development of this Project are in the process of being finalised.

Speciality Metals has also received confirmation from **CRONIMET** that the crushing, tabling and assay results for the test work carried out on the tailings material and stockpiled crushed rock have been finalised and the results are in the process of being interpreted by their technical team. Some additional ultra-fine recovery test work is planned for the coming two weeks which will complete this segment of **CRONIMET**’s due diligence.

In anticipation of completion of the financing arrangements detailed in the ASX announcement dated 24 December 2018, Speciality Metals has now commenced work on the refurbishment of the Mt Carbine Retreatment Plant and has engaged an electrician as well as the services of one of the Company’s former Plant Manager’s to assist **CRONIMET**’s Process Engineer and Metallurgist with their on-site assessment. The on-site assessment is being completed to support a later redesign of the Retreatment Plant, in order to accommodate the latest reclaim technology.

Executive Chairman of Speciality Metals, Mr Russell Krause stated:

*“The Board are comfortable with the progress that has been made to date and values the strong working relationship it has fostered with **CRONIMET**’s senior management team during this time. We are looking forward to the expertise that **CRONIMET**’s Process Engineer and Metallurgist will bring to the Project starting from their initial on-site visit to assist with the refurbishment and redesign of the existing Retreatment Plant in anticipation of the finalisation of the financing arrangements between the parties.”*

*“Speciality Metals and **CRONIMET** are committed to finalising these arrangements within the shortest possible timeframe and whilst they are taking a little longer than initially anticipated both parties are still aiming to be in production by the end of the first half of 2019.”*

Mr Krause added:

“Our respective legal teams are close to finalising the documentation associated with this transaction. This is the final part of the due diligence process.”

*“The Board looks forward to working closely with **CRONIMET** in realising the value of its Mt Carbine Tungsten Project.”*

About Speciality Metals International Limited

Speciality Metals plans to be a pre-eminent Australian tungsten producer from the historic Mt Carbine tungsten mine in Far North Queensland.

The Company's exploration portfolio includes the following diversified projects:

- Lithium and other valuable mineral resources such as potassium, iodine and boron contained in subsurface brines within its Chilean exploration concessions;
- Gold Exploration Licences (Panama Hat and Crow Mt) in New South Wales, Australia;

Whilst

- Maintaining its world-class tungsten assets at Mt Carbine in Far North Queensland, Australia which consist of the Mt Carbine Tungsten Mine and the Iron Duke and Petersens Lode Exploration Permits.

The Company 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