



8 February 2018

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

EXPLORATION UPDATE

Speciality Metals International Limited (ASX:SEI, Speciality Metals or the Company) is pleased to provide the following progress update on its lithium search in Chile and gold exploration in NSW.

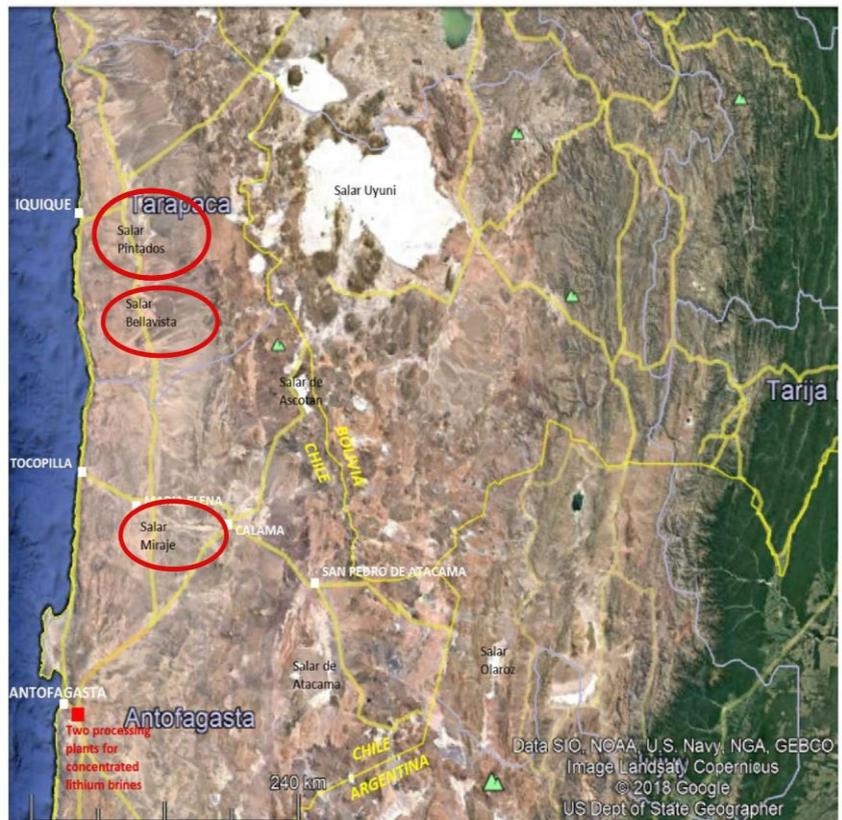
Lithium search:

As announced on 17 January 2018 SEI is undertaking further lithium exploration within its granted concessions and concession applications as well as wide ranging reconnaissance in the “lithium triangle” of Northern Chile and Argentina. SEI has been granted 10 exploration concessions and has applied for several more in the Atacama region of Northern Chile. SEI’s ongoing research into the habitats of lithium in the geological environment exemplified by that of the Atacama region has led to a rapid expansion of its lithium search beyond brine-hosted lithium resources to take advantage of its newly generated IP.

A detailed sampling program is underway to delineate new lithium targets within its areas of interest, in addition to the planned drilling program for lithium brines within its concessions/applications. Previous sampling (see announcements 17 January 2018 and 18 July 2017) has provided strong encouragement, from anomalous lithium content in surface evaporative crusts and brines, that lithium brines will be found to occur in the subsurface. The current sampling is aimed at determining possible lithium occurrences in hard rock in the same environment.

Google Earth map showing main salars (=salt lakes) in Chile-Bolivia-Argentina “lithium triangle”, the areas of interest for SEI and the location of two processing plants in which concentrated lithium brines from Salar de Atacama are being converted into products exported through Antofagasta and Mejillones ports. SEI decided to explore for new lithium resources in Chile because of the following obvious advantages:

- Much higher evaporation rates than in Bolivia and Argentina;
- Lower elevations (100–2300m, compared with 3600 – 4100m in Bolivia and Argentina); and
- Considerably better infrastructure (ports, multi-lane highways, railways, power generation and powerlines, a full range of contractors and skilled workforce servicing copper mining industry that produces 1/3 of World copper).



To date an additional 132 samples collected in the current sampling and reconnaissance program have been submitted for analysis.

Geophysical interpretation currently under way confirms that SEI's current concessions and applications are well placed to test for basinal brines.

Gold search:

SEI is also pleased to announce that its 100% owned gold prospect Crow Mountain, EL6648 in northern NSW, has been renewed for a further three years from the 2 February 2018. The Crow Mountain prospect covers an old gold field first worked from 1868. Work completed in the current term involved a comprehensive review of the geological, geochemical and geophysical data acquired in the licence over the last 10 years which indicates that the licence area contains three important potential gold mineralisation targets:

- Carlin style gold deposition in the Early Carboniferous west of the Peel Fault.
- Bulk mining grades of gold disseminated in quartz veins associated with late phyllic alteration of a belt of partly serpentinised ultramafics in a north-north-west-trending corridor east of the Peel Fault.
- Potential for intrusion-related or "porphyry" gold mineralisation in altered dolerite/quartz monzodiorite intrusions.

None of these targets have been tested in the license area. The latter two targets have potentially been defined in-part by the chargeability anomalies found in a 2008 IP survey, but not tested. The first target type is known only from drill core from the 2010 drilling by the Company's predecessor, Icon Resources Limited. and no surface sampling or geophysics has been carried out to follow up this important discovery.

The current term investigations found potential gossans in the form of limonitic jasper breccia that may reflect intrusion related mineralisation, showed that gold is likely leached from the surface and confirmed phyllic alteration associated with historic gold workings.

A more rigorous approach to exploration in the EL6648 based on these findings is planned with the intent of defining drill targets.

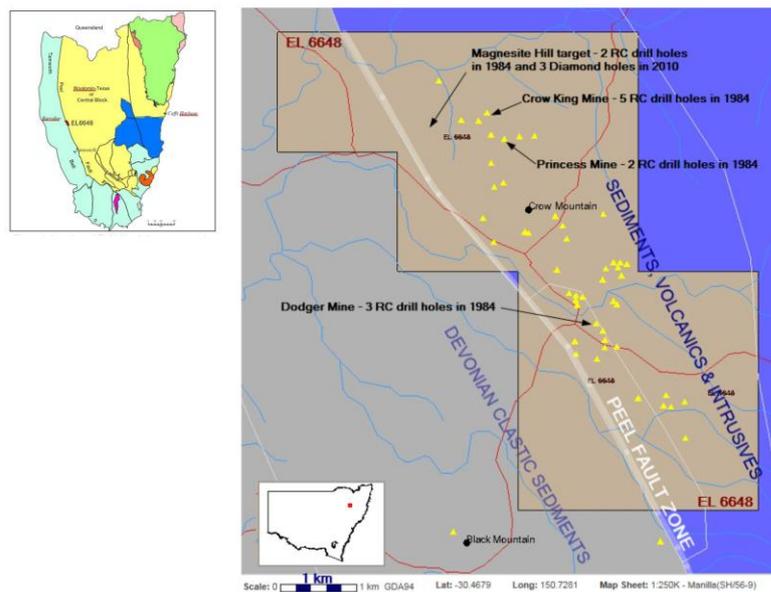


Figure 1. Location of EL6648

Executive Chairman Russell Krause commented:

“The Board is confident that the newly generated IP developed by the Company’s geological team will provide important insights into the identification and location of prospective lithium bearing deposits within its key areas of interest within Chile. The Company looks forward to commencing a targeting drilling program once the results from the current sampling program have been analysed.”

Mr Krause added:

“The Company is also pleased that EL6648 has been renewed for a further 3 years and based on the findings of the recent comprehensive review a more rigorous exploration and drilling program will be developed over the coming months for this licence area.”

“2018 will be an exciting year for Speciality Metals as the Company actively works towards achieving its diversification, exploration and shareholder wealth creation strategies,” Mr Krause concluded.

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 recently also expanded its exploration portfolio to include the following diversified projects:

- Lithium and other valuable mineral resources such as potassium, iodine and boron contained within 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.

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

COMPETENT PERSON’S STATEMENT

The information in this report that relates to Exploration Results and Mineral Resources and Ore Reserves is based on information compiled by Dr Andrew White, who is a Fellow of the Australian Institute of Geoscientists and a consultant to Speciality Metals. Dr White has sufficient experience relevant to the style of mineralisation, mining and processing the type of deposit under consideration 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 White consents to the inclusion of the matters based on his information in the form and context in which it appears.