9th June 2020

EARLY MARKET INTEREST OBTAINED FROM ONE OF THE WORLD'S LARGEST MANUFACTURERS OF TYPE 4A ZEOLITE

Metalsearch Limited (ASX: MSE, "Metalsearch" or "the Company") is pleased to announce that the first stage of its mainland China manufacturer and end user research program ("the Program") has resulted in MSE receiving the first sample and "Sample Statement" letter from China's largest synthetic zeolite manufacturer, one of the world's largest manufacturers of Type 4A synthetic zeolite[1], Chalco Shandong Co., Ltd. ("CSCL").

Zeolite Type A is primarily utilized as a builder in tablets and detergent powders for water softening in washing process. This type of zeolite belongs to the aluminosilicate molecular sieves family. Sodium ions present in zeolite A can be replaced with other cations, including potassium, lithium, and calcium. There are around 150 synthetic zeolites designed for the specific purposes. However, the most common type is zeolite type 4A which is primarily used as a detergent builder.

The 2019 global synthetic zeolite market was estimated at USD $5.58 billion[2]. Zeolite A accounted for the largest proportion of the global market share at 62.9% in 2019, with a market value of USD $3.51 billion[3].

China Australia Trade and Investment Council (CATIC) and end user research program

MSE engaged CATIC to undertake a mainland China synthetic zeolite manufacturer and end user research program to secure global industry participant collaboration and set an early marketing foundation to support commercialisation of its novel and proprietary mineral processing technology for the manufacturing (synthesising) of zeolites ("Technology").

CATIC enlisted a team of expert consultants to reach out across China and represent MSE's zeolite Technology. The objective of the Program was to identify and introduce potential cooperation partners in China to MSE for future commercial engagement.

The first stage of the Program involved CATIC's engaged market research consultants:

- introducing the Technology to synthetic zeolite manufacturers and end users in China to seek industry participant collaboration and early commercial interest in the Technology; and
- obtaining samples to support upscaled lab testing and aid commercial grade sample generation during upcoming pilot plant program to be undertaken by The University of Queensland ("UQ").

The Company is pleased to advise that the program has resulted in the Chalco Shandong Co., Ltd. engaging with MSE.

[1] http://www.chalcochem.com/about-us
[2] Verified Market Research Report "Global Synthetic Zeolite Market Size & Forecast to 2026"
[3] Verified Market Research Report "Global Synthetic Zeolite Market Size & Forecast to 2026"

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Sample provided by CSCL to MSE

CSCL has provided MSE synthetic zeolite samples which will be provided to The University of Queensland School of Chemical Engineering for use during the current research program and to ensure future pilot plant sample generation outputs are aligned to increasing the potential of commercial outcomes.

MSE has sought to engage global synthetic zeolite industry participants early in the commercialisation cycle and this initial result reflects our intention to leverage UQ's work into building a foundation to enhance future commercial discussions.

Summary

MSE's mainland China manufacturer and end user research program is ongoing, with CSCL the first to present its interest by providing samples. CATIC and their engaged market research consultants remain confident of further success and looks forward to building on the opportunities it presents, with face-to-face formal introductions set to occur as part of an upcoming delegation visit in China to be attended by MSE executives in November 2020 (subject to the lifting of travel restrictions).

MSE considers the interest from the largest zeolite company in China as a clear sign of the commercial potential and global interest our zeolite mineral processing Technology presents.

Next steps

Synthetic zeolite:

- maintain ongoing mainland China manufacturer and end user research Program and await further advice on any additional potential collaboration / cooperation partners;
- undertake Trade Investment Queensland (TIQ) Trade Accelerator Program to define and further investigate global market players. This program will lead into market segment prioritisation and then progress to market matching;
- continue to explore collaboration opportunities across a diverse range of industry segments and application, which include animal supplements and soil additives, to underpin expanding commercial potential of our patent-pending Technology;
- progress efforts to secure suitable mine tailings waste to continue testing as feed for our zeolite mineral processing Technology.
- UQ has commenced research agreement (as announced to ASX on 07/05/20) works which primarily involve upscaled lab testwork to support upcoming pilot plant design and scoping set to occur in the December quarter; and
- investigating suitable process engineering and metallurgical lab supply partners in preparation for pilot plan design and scoping;

Abercorn Project:

- deliver maiden JORC Mineral Resource
- conduct kaolin marketability testing program, including:
  - specialised halloysite testing to be undertake by UQ;
  - ISO brightness and particle fineness testing; and
  - assess kaolin aligned to end user product requirements.

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Mr. Peter Zardo, COO, Metalsearch commented

"MSE greatly values CATIC's representation. Pan and their engaged research team in mainland China are doing fantastic work. I consider this early stage interest with a synthetic zeolite manufacturer of this scale represents transformational validation of the potential our zeolite mineral processing technology presents globally.

MSE and its partner UQ will continue to accelerate development of its novel and proprietary zeolite technology and of course continue to create potential opportunities in China through our close working relationship with CATIC"

Ms. Pan White, Executive Director, The China Australia Trade and Investment Council

"CATIC is pleased to be representing MSE in China and working on securing a collaboration opportunity with such a respected name as Chalco Shandong, a positive first step in potentially building a commercial relationship with a zeolite industry major company and indicate that further momentum will be achieved.

CATIC is proud to continue playing a role in facilitating new trade opportunities in supporting Australian companies by providing a pathway into China.

We look forward to continuing to assist Metalsearch in its commercialisation journey."

This Announcement has been approved by the Board.

- End –

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About The China Australia Trade and Investment Council (CATIC)

The China Australia Trade and Investment Council (short as "CATIC") is a not-for profit organisation which provides senior executive-level education on China. We help not only senior executives of Australian companies to have a better understanding of the Chinese market but also to facilitate individual connections between Australian and Chinese businesses.

CATIC was formed on 18 June 2015, the day after the CHAFTA signed between Australia and China. Over the past five years, CATIC hosted numerous inbound and outbound delegations for governments and businesses. CATIC hosted the first All Women Senior Leaders Trade Mission to China in 2018, comprising 21 senior women executives. Our strengths are our connections with the Chinese Business Communities both here in Australia and in China.

About Metalsearch

Our objective is to become an Australian industrial mineral and compound producer and 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 School of Chemical Engineering to develop and commercialise proprietary synthetic zeolite mineral processing technology that revolves around kaolin (clay-based) feeds. 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

Abercorn's kaolin mineralisation has the potential for the extraction of marketable volumes of higher-grade Al_2O_3 feedstock. The Abercorn project was originally drilled with 24 holes in 2007. This drilling has now been extended, with the 2019 drilling of an extra 62 holes, comprising 2,358m. The total number of holes drilled into the project is now 86 for a total of 3,172m.

· 86 RC holes drilled - Kaolinite intersected in every hole
· Large scale mineralised system from surface
· Resource remains open in all directions
· High Grade Al_2O_3 assay results include 33.71% Al_2O_3[1]
· Low cost operation - straight forward open cut mining
· Little to no overburden
· Low impurities
· Main sealed highway adjacent to the deposit
· Mains power on site / major power transmission line within 5km of site

· Large water supply nearby and within EPM
· Close to two deep water ports

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.

[1]See Metalsearch Limited ASX Announcement 13 August 2019. 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

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