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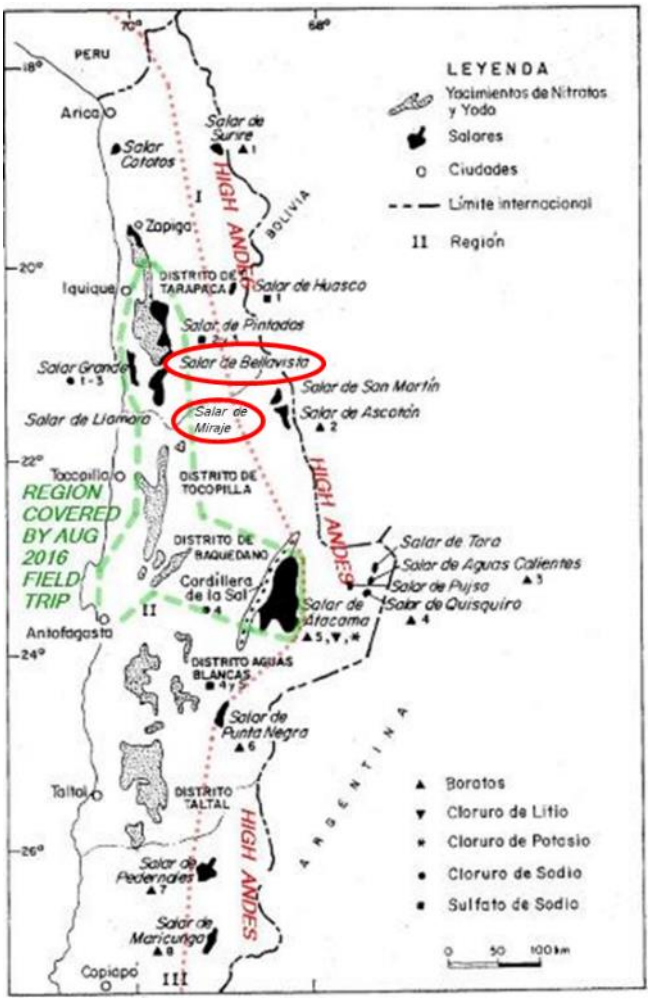
CHILEAN EXPLORATION CONCESSIONS GRANTED – BELLAVISTA 1-5

Speciality Metals International Limited (ASX: SEI, Speciality Metals or the Company) is pleased to announce that an additional five (5) Exploration Concessions over a key area of Salar de Bellavista (Bellavista 1-5), have been granted by the Chilean Courts and the Company is currently in the process of arranging for the transfer of these exploration concessions into its wholly owned Chilean based subsidiary, Special Metals Chile.

These concessions cover a significant portion of the western part of Salar de Bellavista, in a situation tectonically analogous to, but north-west of, Salar de Atacama in Northern Chile, where two companies, Albemarle Corp and SQM S.A. produce a third of the world's lithium from lithium brines. They are also well situated to existing infrastructure being close to the Pan American Highway and lithium processing infrastructure at the port of Antofagasta.

As previously announced, five (5) exploration concessions have already been granted in Salar de Miraje during 2016 and the Company has made application for a further fifteen (15) exploration concessions within Salar de Pintados with this application process now well advanced.

Speciality Metals has focused on salars geologically older but at a lower topographic elevation that the salars where lithium is produced by evaporation of brines pumped from the subsurface, anticipating that evaporation at the lower elevations will favour lower operating costs if SEI's exploration for lithium brines in the salar is successful. Salar de Bellavista is at an elevation of ~1000m, at which elevation evaporation is expected to be year-round and faster than at Salar de Atacama (elevation ~2000m). Except for this difference, the salars that are the focus of SEI's exploration are geologically similar to the salars already producing lithium or that are known to contain lithium resources. SEI's target salars appear to be fed in part from hot springs and the evaporite minerals already produced from the target salars (nitrates and borates) indicate the typical salar closed hydrological basin dominated by evaporation. In addition, the host sediments within the target salars are identical to the sediments that host the lithium brines at higher altitudes, and consist of evaporative carbonate-dominated sediments.



Summary map of Northern Chile, showing location of Salars de Miraje and Bellavista.

Strongly anomalous lithium and boron values have been obtained from surface sampling of salt crusts and brines in surface depressions in the area surrounding the Salar de Bellavista and the adjacent Salar de Miraje concessions where the Company has already been granted 5 exploration concessions. Of the 10 salt crust samples taken in Salar de Bellavista during the Company's initial research and reconnaissance in 2016, all but two were anomalous, containing from 50 to 274ppm lithium and of these, four had associated elevated boron values ranging from 850 to 1820ppm boron (Refer Table 1 below).

Table 1. Summary of analyses of salt crust samples, Salars de Miraje and Bellavista

Element	Li	Mg	K	Na	B	Ca	S	As	Sb	Mo	Cu	Zn	Pb	Ag	Fe	P	Mn	Al
Measure	ppm	%	%	%	ppm	%	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	ppm	%
Salar de Miraje																		
L16	90	0.39	0.18	0.22	110	9.69	8.33	46	0.79	1.9	22	30	8	0.02	2.15	490	421	0.65
L17	51	1.02	0.73	9.96	1240	3.9	3.95	33	0.66	2.9	21	29	6	0.18	1.47	280	293	1.27
L18	79	1.58	1.07	>10.0	1920	1.29	9.34	68	0.31	9.7	11	17	5	0.02	0.86	220	311	0.35
L19	94	2.25	2.35	>10.0	1060	2.34	7.98	44	0.32	5.8	20	36	5	0.06	0.89	270	206	0.7
Salar de Bella Vista																		
L35	274	0.42	0.98	>10.0	660	3.48	5.48	108	0.6	2.6	8	17	3	0.05	0.48	640	110	0.29
L36	31	0.23	0.77	>10.0	140		4.52	31	0.15	2.1	4	7	1	0.02	0.18	190	32	0.09
L56	38	0.62	0.33	>10.0	1390	6.45	6.84	26	0.32	3.9	9	17	4	0.13	0.95	500	162	0.35
L57	68	0.18	0.27	>10.0	310	3.36	3.48	9	0.05	0.9	4	25	1	0.34	0.33	90	58	0.11
L58	71	0.86	0.31	2.01	480	15.25	>10.0	11	0.47	0.8	12	33	6	0.03	1.5	280	156	0.62
L67	50	0.41	0.45	>10.0	160	12.05	>10.0	3680	3.36	0.4	4	8	1	0.32	0.03	30	9	0.02
L71	131	0.64	0.27	>10.0	1820	8.01	>10.0	523	2.04	1.3	17	18	4	0.18	0.92	1130	139	0.33
L72	127	0.19	0.45	>10.0	340	11.95	>10.0	264	0.59	0.6	5	17	0	0.07	0.06	140	81	0.04
L73	75	0.4	0.27	>10.0	1480	12.2	>10.0	748	8.04	0.4	7	7	3	0.88	0.17	350	36	0.09
L74	23	0.22	0.09	>10.0	120	1.79	3.3	95	2.35	0.4	4	13	2	-3.85	-2.85	-1.85	-0.85	0.15

Executive Chairman of Speciality Metals, Mr Russell Krause, comments:

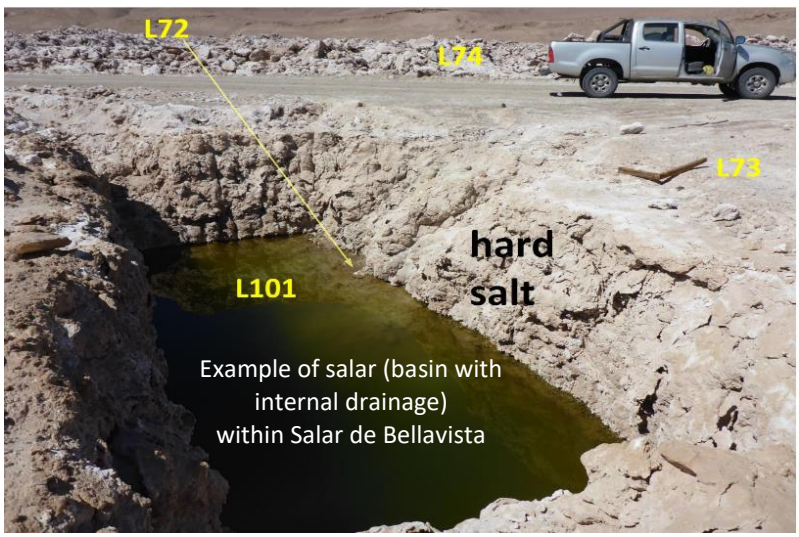
"The granting of these concessions marks the start of an exciting new chapter with the Company now in a position to deliver upon its lithium diversification strategy."

"The Board's strategy will be to position the Company as a low-cost lithium producer, using its key geological insights into the discovery of lithium brines. Due to lithium brines typically having a lower cost of production, the Board believes that this will be the Company's key differentiator in the rapidly expanding lithium supply and demand markets. The Company also intends to incorporate other valuable mineral resources such as potassium, iodine and boron, contained within subsurface brines, within its Chilean exploration program."

Mr Krause added that:

"Chile is a country with very favourable mining investment opportunities and is endowed with great mineral wealth not only in hard rock mines, but also in the numerous salars or evaporative closed sedimentary basins in the Atacama Desert region of northern Chile. For a century and a half Chile was the only producer of nitrates and is currently a globally important producer of lithium, potassium, borates and iodine from some of these salars. Major lithium production comes from the Salar de Atacama, where Chile produces over one third of the world's lithium from brines in the Salar."

"Given the encouraging results from the Company's initial research and reconnaissance in 2016, the Board looks forward to announcing its targeted exploration program within the coming week", Mr Krause concluded.



Example of salar (basin with internal drainage) within Salar de Bellavista

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 Petersen's 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 Carbine. 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.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In caseajs where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Dewatering teepee structure features on salt crusts were sampled to obtain fragments of solid salt, photographed and located (GPS). • Samples crushed to 70<2mm, split and split pulverized to <75um. • Analysis by aqua regia solution, ICP-MS. • Laboratory internal check standards apply.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• This does not apply
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• This does not apply
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• This does not apply

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Normal care taken to ensure no bias in sampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Assay techniques are appropriate, and total.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• This does not apply
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• This does not apply
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Sampling was of a reconnaissance nature.

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• This does not apply
Sample security	• *The measures taken to ensure sample security.*	• Samples hand delivered to laboratory receiving depot.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• This does not apply

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Reconnaissance sampling of granted concessions.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration data not available
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Evaporative saline deposits in enclosed continental rift basin

Drill hole information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Current field work indicates historical drilling failed to test mineralization.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• This does not apply

Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*
	  ○ *If the geometry of the mineralisation with easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	• *respect to the drill hole angle is known, its nature should be reported.*
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*
		• Insufficient exposure to determine mineralized widths.

Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Maps in announcement text.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All assay results tabulated.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• See announcement text.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future drilling being planned.