metalicity

ASX RELEASE: 21 JUNE 2017

SIGNIFICANT COBALT RESULTS CONFIRMED AT KYARRA

- **Consistent cobalt and base metal anomalism continues to be identified during field work at Kyarra**
- **Assay results up to 839ppm Co, 4610ppm Zn and 2100ppm Ni**
- **Historical results included 9 samples >500ppm Co and up to 6,400ppm Co**
- **Follow up infill sampling, detailed stratigraphic mapping and interpretation to commence shortly**
- **Results to determine locations for planned 1,500m RC drill program in second half of 2017**
- **Target mineralisation model seeking copper-cobalt or nickel-cobalt sulphide deposits**

Metalicity Limited **(ASX:MCT) ("MCT"** or **"Company")** is pleased to announce the grant of the Company's 100% owned Kyarra Cobalt exploration tenements (E51/1755, E51/1756 and E53/1894), establishing a strategic land-holding where anomalous cobalt and base metal anomalism continues to be identified.

The Kyarra Cobalt project is located in the Yerrida Basin, WA (Figure 1) and is considered highly prospective for structural/stratigraphic-controlled copper-cobalt and potentially nickel mineralisation. The Company has developed, based on a geological evaluation of the region, an exploration model that includes numerous aspects of significant copper-cobalt (+/- nickel) deposits of the Central African Copperbelt, where new discoveries continue to be made based on advances in exploration concepts.

The completion of the initial field work has confirmed anomalous surface base metal anomalism in the key Kyarra West target area. Recent rock chip sampling results are presented in Table 1 below, and sample locations are shown in Figure 2. Significant results of up to 839ppm Co, 4610ppm Zn and 2100ppm Ni in weathered near-surface rock chips were received.

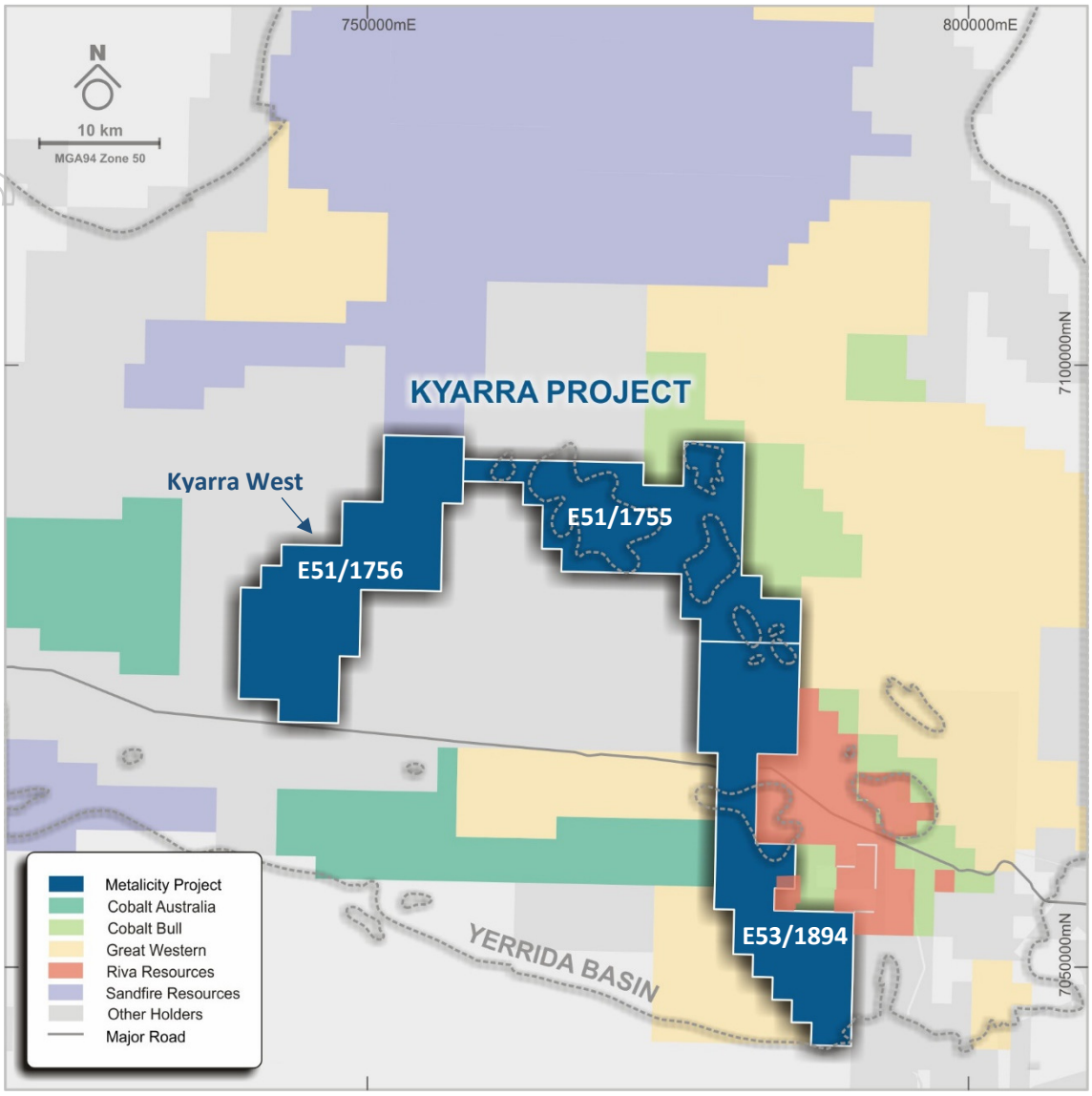
This anomalism is associated with west-north-west striking breccia zones interpreted to be related to deep-seated structures and to represent part of a plumbing system for metalliferous fluids upward and southwards into suitable trap horizons as illustrated in the Company's exploration model (Figure 3).

Follow up infill sampling, detailed stratigraphic mapping and interpretation is to commence shortly, followed by a maiden drill program which is planned to include several reverse circulation (RC) traverses for a total of 1,500 m RC at Kyarra West, where cobalt and base metal anomalism has been consistently identified.

The Kyarra Cobalt project is well located in terms of access and infrastructure for exploration and mining. The project is located on the Goldfields Highway 40km west of Wiluna, and the Paroo Station Mine and Camp (on Care and Maintenance) in the Northern Goldfields region of WA. The three tenements give Metalicity a dominant land holding in this newly identified cobalt district in the Yerrida Basin.

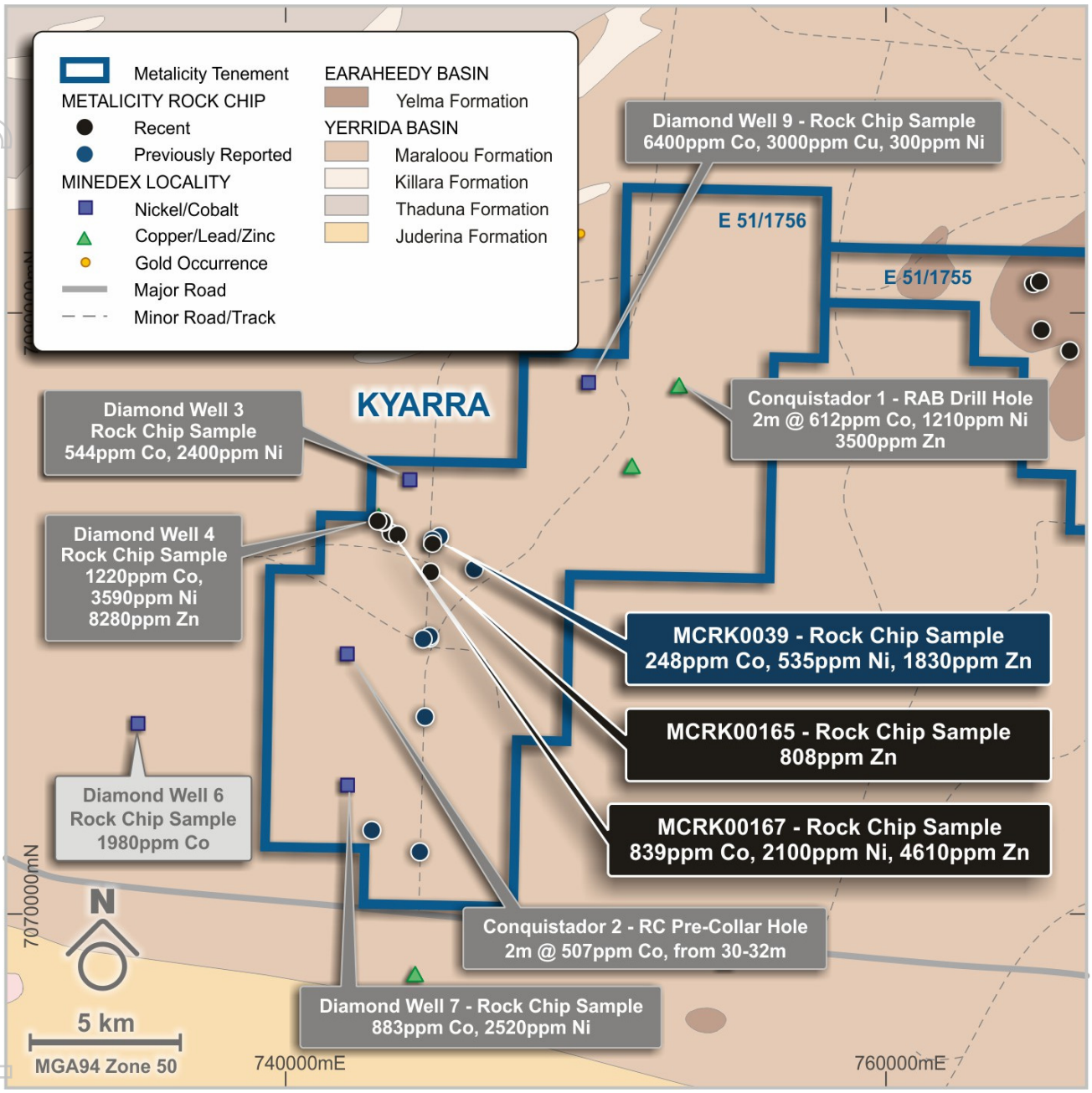
Metalicity Managing Director, Matt Gauci, commented: *"The Yerrida Basin is an emerging cobalt and base metal district where the Company commands a significant landholding of tenements. Widespread cobalt and base metal anomalism has now been confirmed over an initial 20km target area at Kyarra West. This represents a compelling target area for further field work and drilling, applying the Central African Copperbelt model."*

Figure 1: Regional Location Map showing Metalicity's Kyarra Project in relation to nearby tenement holders



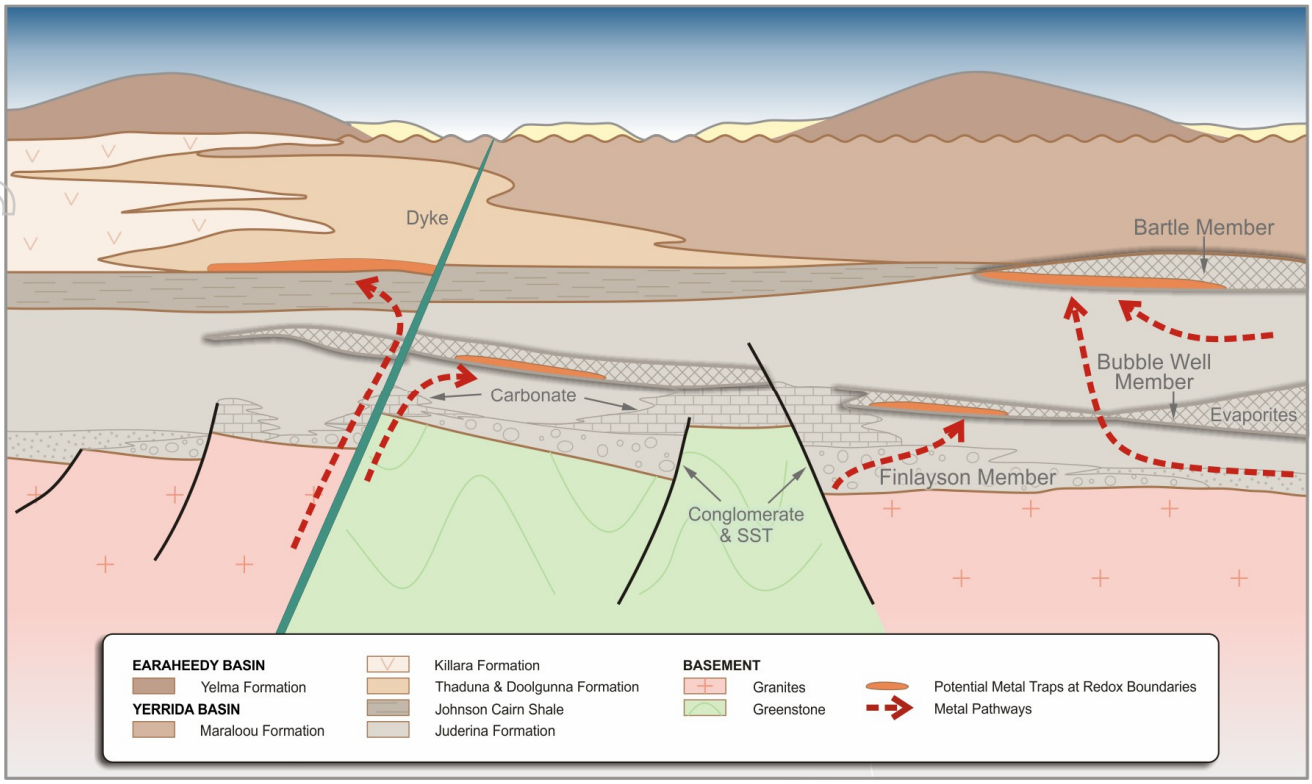
Source: Metalicity

Figure 2: Kyarra West Target Area showing consistent cobalt and base metal anomalism in historic and recent rock chip sampling results



Source: Metalicity

Figure 3: Kyarra Cobalt and base metals conceptual mineralisation model



Source: Metalicity

Table 1 Recent Rock Chip Sample Results at Kyarra West (ppm)

Sample ID	Easting MGAZ50	Northing MGAZ50	Co	Cu	Zn	Ni
MCRK00165	744825	7081523	24.4	39	808	126
MCRK00166	744888	7082484	6.9	79	60	32
MCRK00167	743727	7082795	839	60	4610	2100
MCRK00168	743509	7082850	9.4	22	66	29
MCRK00169	743256	7083214	11	194	43	38
MCRK00170	743225	7083225	3.7	139	19	15
MCRK00171	743065	7083255	4.8	160	21	20
MCRK00178	781737	7071623	9.1	167	300	74
MCRK00179	768986	7088888	0.5	9	<5	7
MCRK00180	766115	7088914	3.4	4	<5	19
MCRK00181	765172	7089603	1.8	4	8	9
MCRK00182	764904	7091140	73.8	32	105	46
MCRK00183	765112	7091208	3.5	8	11	5
MCRK00184	782425	7078174	1.2	5	<5	3
MCRK00186	781012	7062800	0.6	6	<5	10

ENQUIRIES

Investors

Matt Gauci
Managing Director
+61 8 9324 1053
mgauci@metalicity.com.au

Media

Michael Vaughan
Fivemark Partners
+61 422 602 720
michael.vaughan@fivemark.com.au

About Metalicity Limited

Metalicity Limited is an Australian mining exploration company with a primary focus on base metals sector and the development of the world class Admiral Bay Zinc Project, located in the north west of Australia. The company is currently undertaking a Pre-Feasibility study on Admiral Bay. The Company's secondary focus is the rare metals sector where early stage exploration has commenced. The Company is supported by a management team with 300+ years collective experience in the resources sector and strong shareholder base of institutional and sophisticated investors.

Competent Person Statement

Information in this report that relates to Exploration results has been compiled by Dr. Simon Dorling, who is a member of the Australian Institute of Geoscientists. Dr. Dorling is a consultant to Metalicity Ltd, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr. Dorling consents to the inclusion of the data in the form and context in which it appears.

metalicity

JORC Code, 2012 Edition – Table 1 report template

(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 cases 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.*	• Rock chip samples consisted of a series of chips taken at a specific point location for a total sample of ~2kg.
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).*	• NA, no drilling
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.*	• NA, no drilling
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.* • *The total length and percentage of the relevant intersections logged.*	• Geological descriptions were completed at each sample location.
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, and whether sampled wet or dry.* • *For all sample types, nature, quality and appropriateness of sample prep. 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.*	• Rock chip samples consisted of a series of chips taken at a specific point and may therefore exhibit bias compared with the overall outcrop.

Criteria	JORC Code explanation	Commentary
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.*	• All samples were assayed by SGS Australia in Perth for 49 elements by 4 acid digest followed by ICP-AES and ICP-MS. • Co, Cu, and Ni assay results for laboratory duplicates were all within 20% of the original samples, indicating no obvious problems with laboratory assay precision. • No standards or field duplicates were included.
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.*	• Field data was recorded by the field geologist into pre-established templates and subsequently validated and loaded into the company surface sampling database. • Validation of sample point locations in ArcGIS did not identify any inconsistent locations and the information was subsequently loaded into the company database. • Anomalous surface values have been verified by the competent persons.
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.*	• Sample locations were surveyed using a Garmin handheld GPS with an accuracy of +/- 5m • Standard MGA 94 Zone grid coordinates are presented in the relevant tables above with the Zone appended.
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.* • *Whether sample compositing has been applied.*	• Sample locations were appropriate for first pass regional assessment of project potential.
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.*	• Samples were all collected from outcropping bedrock.
Sample security	• *The measures taken to ensure sample security.*	• All samples were collected and sealed in uniquely labelled calico sample bags by the field geologists. • Sample bags were packaged up and delivered to a courier company for transport direct to SGS Laboratories in Perth. • Samples were checked against the submission forms on arrival at SGS, with no missing or additional samples.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Audits and reviews were not undertaken, apart from the QAQC checks outlined above.

Section 2 – Reporting of Exploration Results

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.*	• Sampling was undertaken within tenements E51/1755 and E51/1756 located approximately 80km east of Meekatharra, WA and 100% owned by Metalicity. • The area subject to this announcement lies on vacant crown land and Paroo Station. • A Heritage Agreement has been achieved with the local Yugunga-Nya native title holders on typical industry terms.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration work within the tenement area has consisted of regional mapping, soil sampling and drilling by various parties primarily exploring for base metals • Previous sampling had been undertaken in the areas covered by this work which is aimed at verifying the historic results.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Company is exploring for base metals, in particular cobalt within the Kyarra Project area. The geology consists of shallowly dipping sediments and volcanic rocks of the Yerrida Basin where base metal anomalism has led numerous previous explorers to target sedimentary exhalative style mineralisation. The Company is targeting sedimentary hosted Co-Cu-Ni deposits.

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:*
	  ○ *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*
	  ○ *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.*
		• Tabulated rock chip sample results are presented above and in Figure 2.

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.*	• No weighting, or cut off grades were employed.
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 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 (e.g. 'down hole length, true width not known').*	• No intercepts are reported.

Criteria	JORC Code explanation	Commentary
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.*	• Refer to main body of announcement for figures depicting of sampling locations and assay results.
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 have been reported.
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.*	• Some relevant geological observations are presented in the main body text. • No additional testwork beyond assaying has been undertaken to date.
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.*	• Further analysis of geological information collected and available in open fie reports will be undertaken to assist drill targeting.

metalicity