metalicity

ASX RELEASE: 21 JULY 2017

OUTSTANDING COBALT RESULTS DRILLING TO COMMENCE

- **New surface samples further confirm significant cobalt and base metal anomalism at Kyarra West**
- **Further high assay results up to 1500 ppm Co, >1% Zn, and 3830 ppm Ni**
- **Historical results included 9 samples >500ppm Co and up to 6,400ppm Co**
- **Initial 4km^2 high priority target area now defined for a maiden 2-3000m RC drilling program**
- **Program of Works and Heritage Survey requests submitted targeting drilling within September Quarter**
- **Target mineralisation model seeking copper-cobalt or nickel-cobalt sulphide deposits**

Metalicity Limited **(ASX:MCT) ("MCT"** or **"Company")** is very pleased to announce further outstanding surface sample results at Kyarra West, part of the Company's 100% owned Kyarra Cobalt Project (E51/1755, E51/1756 and E53/1894, Figure 1). These results have given the Company confidence to move forward rapidly toward drill testing with all necessary approvals underway.

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-cobalt mineralisation. The Company has developed, based on a geological evaluation of the region an exploration model that includes numerous aspects of significant copper-cobalt and nickel-cobalt deposits of the Central African Copperbelt, where new discoveries continue to be made based on advances in exploration concepts.

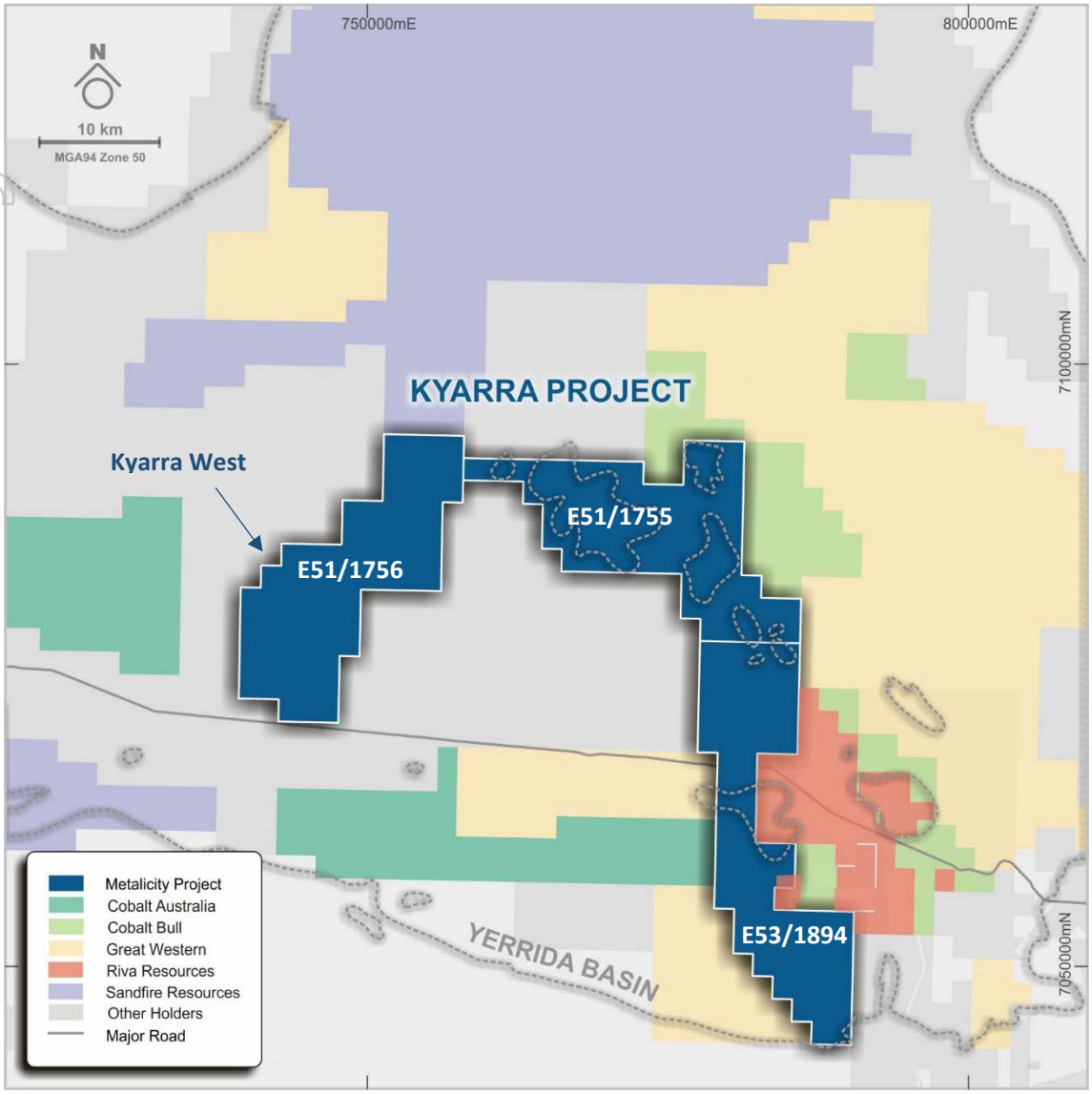
Previously received excellent surface sample results at Kyarra West were followed up in June, with another 65 samples collected. Highlights of the most recent rock chip sampling results are presented in Table 1 below (complete results are shown in Table 2), and sample locations shown in Figure 2. Significant results of up to 1500 ppm Co and >1% Zn in weathered near-surface rock chips were received, across the entire outcrop area sampled (Figure 2, Figure 3). As previously reported, some of this anomalism has been observed to be 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 4).

Of particular note are the generally steep dips of units (typically >50° to the south and southeast), which indicate significant disruption of the units in this area in contrast to the generally held view of the Yerrida Basin units being flat lying. Approvals for a maiden RC drill program of 2-3000m are currently underway to facilitate drilling in the September Quarter.

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 in the Northern Goldfields region of WA. The three tenements give Metalicity a dominant position in the basin.

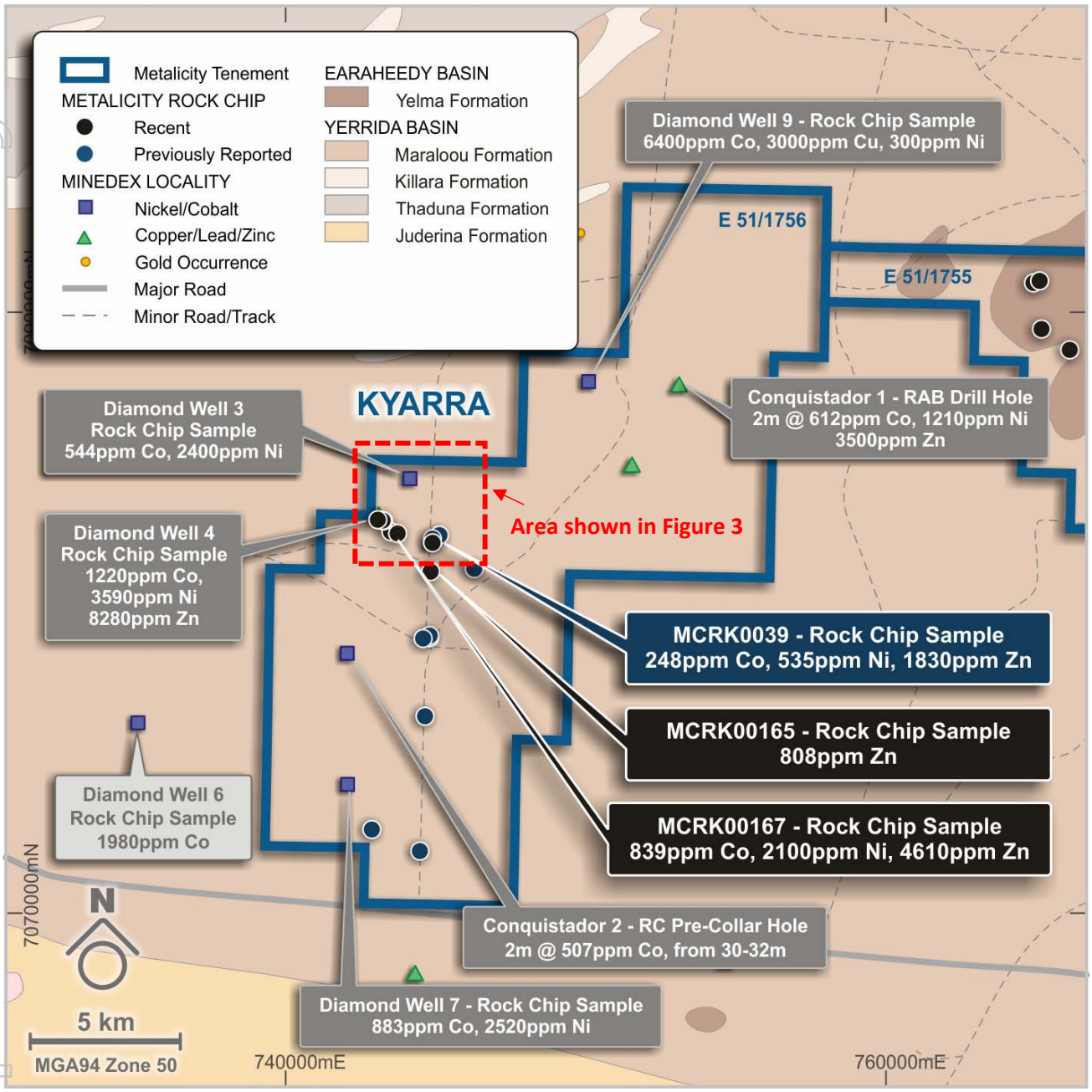
Metalicity Managing Director, Matt Gauci, commented: *"The consistently high levels of cobalt and base metal anomalism in our surface sampling results further confirm the high prospectivity at Kyarra for copper-cobalt and/or nickel cobalt deposits similar to that found in the prolific Central African Copperbelt. These results give us great confidence in moving to the next phase of exploration with drilling soon to commence."*

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



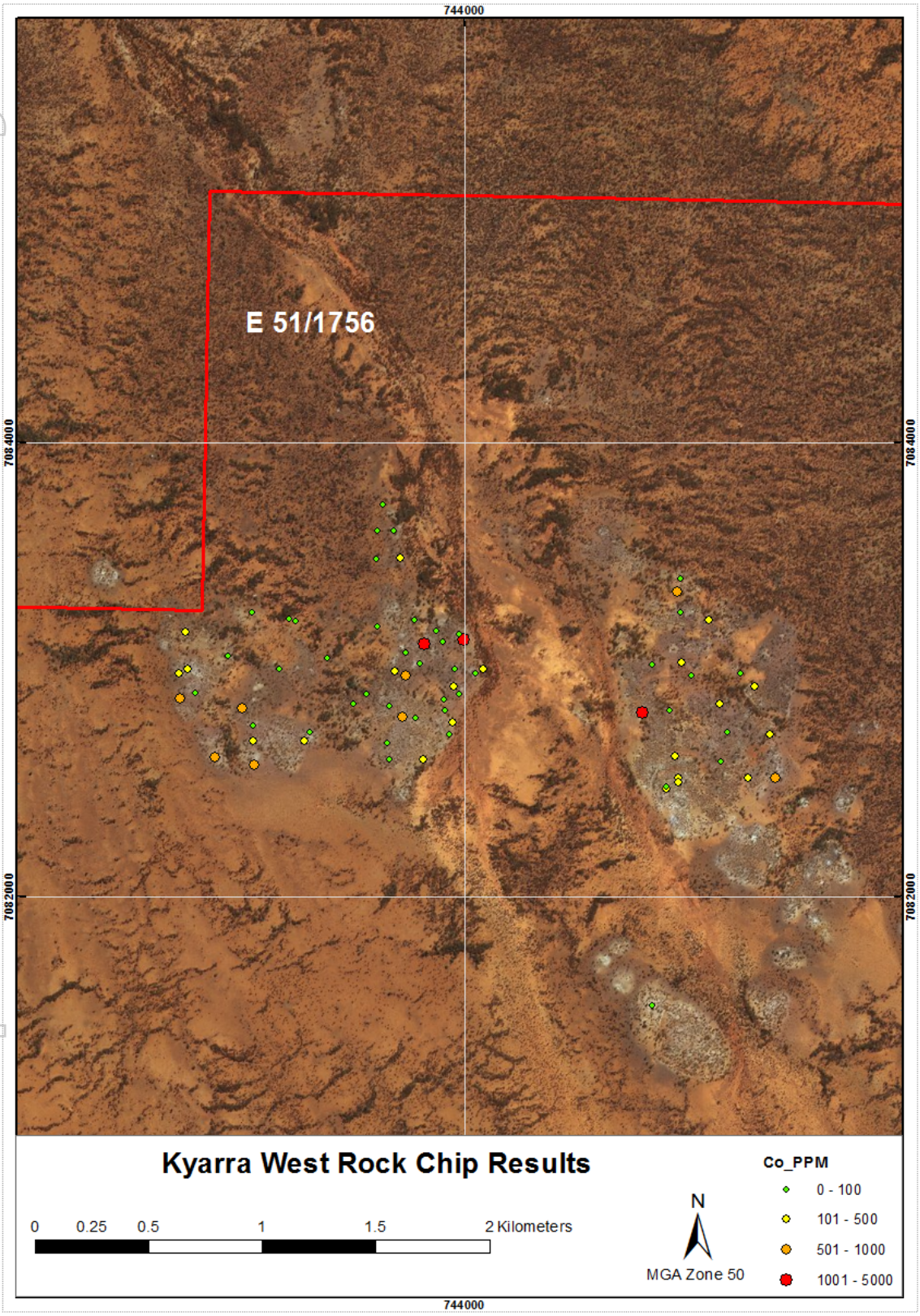
Source: Metalicity

Figure 2: Kyarra West Target Area showing previously reported rock chip sampling results and Minedex open file results (see Tables 1 and 3 below).



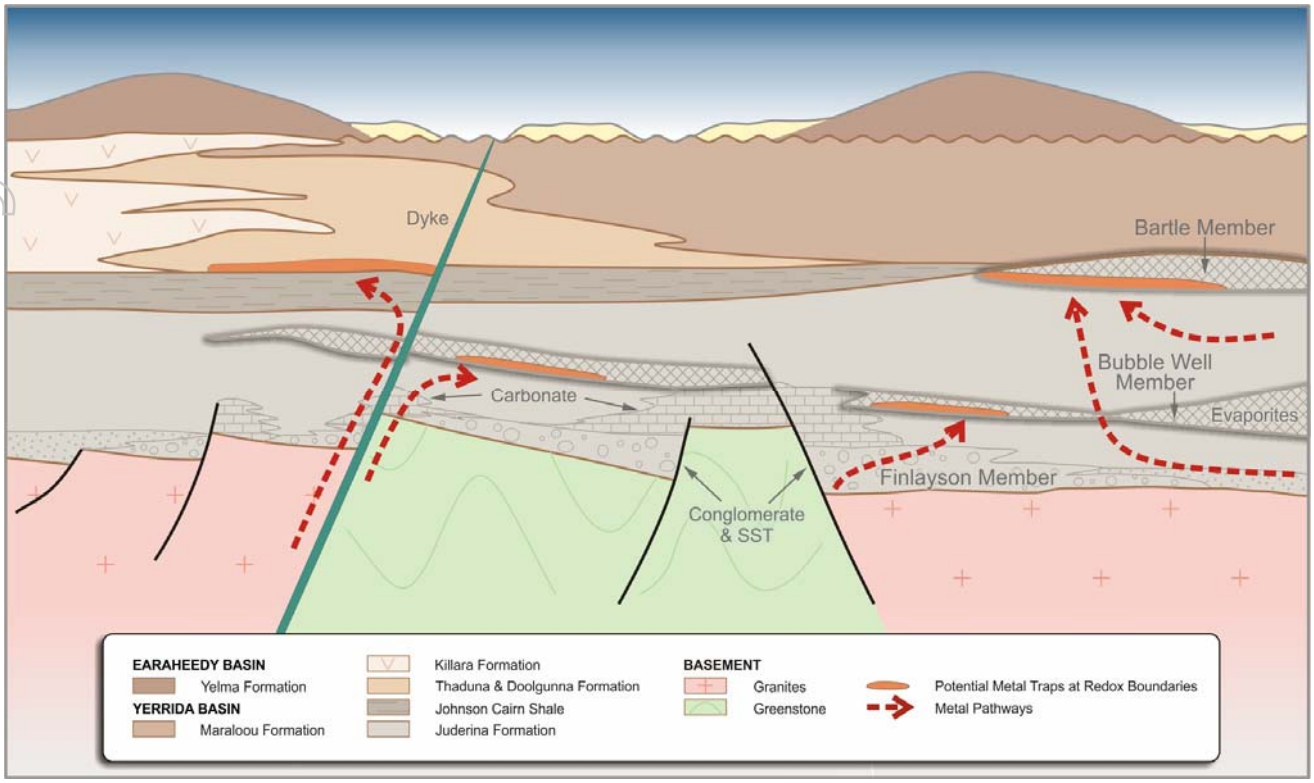
Source: Metalicity

Figure 3: Kyarra West Target Area showing the locations of all Metalicity rock chip results with cobalt anomalism highlighted (see Tables 1 and 3 below).



Source: Metalicity

Figure 4: Kyarra Cobalt and base metals conceptual mineralisation model



Source: Metalicity

Table 1: Highlights from recent Rock Chip Sample Results at Kyarra West shown in Figure 2. (note MCRK0263 Zn exceeded the assay detection limit and is currently being re-assayed).

Sample ID	MGA_East	MGA_North	Zn PPM	Co PPM	Cu PPM	Ni PPM	Pb PPM
MCRK0216	743741	7082975	2270	925	61	1440	12
MCRK0219	743993	7083135	6280	1040	66	1080	19
MCRK0242	743824	7083112	4500	1500	353	3750	22
MCRK0244	743020	7082833	3920	909	79	1620	19
MCRK0247	743071	7082580	3950	804	57	1160	22
MCRK0248	742902	7082615	4230	640	56	960	22
MCRK0251	742772	7083168	5090	285	280	393	30
MCRK0252	742744	7082986	1740	407	211	701	12
MCRK0253	742747	7082875	3730	647	51	1670	9
MCRK0260	744924	7082619	3540	390	144	599	18
MCRK0262	744939	7082507	3330	273	28	427	4
MCRK0263	744783	7082812	>10000	1280	67	3830	17
MCRK0266	745120	7082849	2040	309	180	703	20
MCRK0269	745366	7082526	2150	558	245	1160	16
MCRK0270	745344	7082718	2870	433	32	808	12
MCRK0271	745274	7082929	3460	459	39	703	13
MCRK0275	744934	7083346	5310	765	37	2340	6

Table 2: Complete results for selected elements from recent rock chip sampling at Kyarra West

Sample ID	MGA_East	MGA_North	Zn PPM	Co PPM	Cu PPM	Ni PPM	Pb PPM
MCRK0213	743670	7082842	750	73.5	144	212	19
MCRK0214	743567	7082891	67	9.6	27	31	13
MCRK0215	743694	7082995	1530	354	145	658	33
MCRK0216	743741	7082975	2270	925	61	1440	12
MCRK0217	743909	7082871	172	24.1	27	40	3
MCRK0218	743952	7082927	558	107	41	224	12
MCRK0219	743993	7083135	6280	1040	66	1080	19
MCRK0220	743977	7083157	581	88.5	208	239	20
MCRK0221	743876	7083173	127	37.4	30	96	17
MCRK0222	743903	7083125	88	16.8	25	32	39
MCRK0223	743958	7083005	316	22.4	27	37	14
MCRK0224	744046	7082983	377	13.1	21	60	18
MCRK0225	744082	7083005	577	207	76	461	23
MCRK0226	743975	7082891	170	34.9	51	57	11
MCRK0227	743914	7082822	292	21.7	127	56	44
MCRK0228	743945	7082771	1080	200	87	335	18
MCRK0229	743931	7082718	130	4.6	42	26	23
MCRK0230	743817	7082604	1310	254	106	401	23
MCRK0231	743670	7082604	484	17.6	107	49	5
MCRK0232	743658	7082678	163	96.2	67	195	13
MCRK0233	743781	7082789	327	72.2	40	217	9
MCRK0234	743803	7083026	190	53.8	54	84	13
MCRK0235	743617	7083191	19	6.2	44	32	10
MCRK0236	743609	7083487	221	53	140	72	20
MCRK0237	743617	7083614	51	3.8	179	23	8
MCRK0238	743638	7083727	31	7.4	43	18	6
MCRK0239	743689	7083613	77	18.5	61	50	11
MCRK0240	743718	7083493	626	178	124	215	13
MCRK0241	743779	7083219	16	7.8	83	14	16
MCRK0242	743824	7083112	4500	1500	353	3750	22
MCRK0243	743742	7083076	186	34.3	27	85	13
MCRK0244	743020	7082833	3920	909	79	1620	19
MCRK0245	743070	7082754	113	20.2	66	54	22
MCRK0246	743070	7082688	1430	369	66	845	11
MCRK0247	743071	7082580	3950	804	57	1160	22
MCRK0248	742902	7082615	4230	640	56	960	22
MCRK0249	742814	7082897	1140	48.7	147	202	13
MCRK0250	742782	7083004	874	139	172	216	15
MCRK0251	742772	7083168	5090	285	280	393	30
MCRK0252	742744	7082986	1740	407	211	701	12
MCRK0253	742747	7082875	3730	647	51	1670	9
MCRK0254	742959	7083061	268	49.1	204	136	25
MCRK0255	743183	7083002	57	10.7	34	30	16
MCRK0256	743320	7082725	94	8	14	41	11
MCRK0257	743296	7082686	425	108	53	149	20
MCRK0258	743397	7083050	141	11.4	122	40	24
MCRK0259	744901	7082822	64	9.2	27	26	17
MCRK0260	744924	7082619	3540	390	144	599	18
MCRK0261	744942	7082526	1900	116	26	163	7
MCRK0262	744939	7082507	3330	273	28	427	4
MCRK0263	744783	7082812	>10000	1280	67	3830	17
MCRK0264	744824	7083022	164	13.2	20	41	18
MCRK0265	744954	7083034	811	150	29	289	30
MCRK0266	745120	7082849	2040	309	180	703	20
MCRK0267	745154	7082725	116	4.1	17	14	15
MCRK0268	745246	7082526	871	115	165	155	5
MCRK0269	745366	7082526	2150	558	245	1160	16
MCRK0270	745344	7082718	2870	433	32	808	12
MCRK0271	745274	7082929	3460	459	39	703	13
MCRK0272	745212	7082985	216	17.5	36	66	14
MCRK0273	744999	7082974	124	9	31	57	18
MCRK0274	744950	7083252	141	19.3	21	37	11
MCRK0275	744934	7083346	5310	765	37	2340	6
MCRK0276	744951	7083402	225	53.2	84	167	40
MCRK0277	745073	7083222	691	107	107	154	11

Table 3: Minedex Prospects at Kyarra West shown in Figure 2

A Report Number	Hole ID	Sample ID	Easting MGAZ50	Northing MGAZ50	From (m)	To (m)	Co (ppm)	Cu (ppm)	Ni (ppm)	Zn (ppm)	Minedex Prospect
46747	Rock Chip	67843	744142	7084473	N/A	N/A	544	257	2400	4320	Diamond Well 3
46747	Rock Chip	67847	743101	7083265	N/A	N/A	1220	103	3590	8280	Diamond Well 4
46747	Rock Chip	67986	742063	7074284	N/A	N/A	883	181	2520	2610	Diamond Well 7
46747	Rock Chip	172208	750091	7087702	N/A	N/A	6400	3000	5300	3300	Diamond Well 9
46747	CDH1	186416	741956	7078672	30	32	507	163	1880	2060	Conquistador 2
46747	CRB112	210761	751570	7084758	26	28	612	259	1210	3500	Conquistador 1

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.

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).*	• CDH1 RC pre-collar, CRB112 RAB drillhole
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and result* • *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.*	• Drill sample recovery not discussed in historic reporting
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 and during historic drilling.
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. • Details of splitter not discussed in historic reporting of drilling. • No information relating to QAQC procedures is available. • Contamination of RAB samples was highly likely due to the nature of the drilling technique. • RC samples were collected as 2m composites, RAB as bottom of hole samples or as 2m composites.

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 rock chip 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 10% of the original samples, indicating no obvious problems with laboratory assay precision. No standards or field duplicates were included. • For historic sampling detailed information on the assay technique(s) utilised is not available. Rock chip samples were analysed for Au, Ag, As, Ba, Bi, Ca, Cd, Co, Cu, Fe, K, Mg, Mn, Mo, Ni, Na, P, Pb, Pt, S, Sr, V, W and Zn. RAB samples were analysed for Ag, As, Au, Ba, Bi, Ca, Cd, Co, Cu, Fe, K, Mg, Mn, Mo, Ni, Na, P, Pb, Pt, S, Sb, Sr, V, W and Zn. Diamond core and RC pre-collar chips were analysed for Au, Ag, As, Ba, Co, Cu, Fe, Mn, Mo, Ni, Pb, and Zn.
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. • For historic data, no information is available on how data was originally recorded. Original paper drill logs for the diamond drill holes and associated pre-collars are reproduced in the historic reports.
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. • For historic results no information is available on the surveying method used for the original data. Down hole surveys are recorded for diamond drillhole CDH1 showing deviation of up to 9°.
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.*	• Metalicity sample locations were appropriate for first pass regional assessment of project potential. • Historic data locations are Minedex prospect locations published by the DMP, and are appropriately spaced to demonstrate cobalt anomalism exists within the area of interest.
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 and are inherently subject to bias.
Sample security	• *The measures taken to ensure sample security.*	• All Metalicity 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.

Criteria	JORC Code explanation	Commentary
		• No information is available as to historic sample security.
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 tenement 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.
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:*
	  o *easting and northing of the drill hole collar*
	  o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  o *dip and azimuth of the hole*
	  o *down hole length and interception depth*
	  o *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 and Figure 3.

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	• *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*	• Historic intercept lengths are reported as down-hole lengths. • There is not enough information to determine true widths, however the geological

Criteria	JORC Code explanation	Commentary
mineralisation widths and intercept lengths	*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').*	assessment of flat lying to shallowly dipping units in the area suggests it is reasonable to assume that down hole widths closely approximate true 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.*	• Refer to the main body of the announcement for figures depicting 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 relevant to the area of interest 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 file reports will be undertaken to assist drill targeting.