metalicity

ASX RELEASE: 27 JULY 2017

HIGH GRADE NEAR SURFACE ZINC PROJECTS OPTION

- **Option to acquire two high grade near surface zinc projects in the Lennard Shelf, Kimberley Region, WA.**
- **The Napier Range Zinc Project contains the Wagon Pass deposit which is a JORC 2012 Inferred Mineral Resource Estimate (MRE) of 750Kt at 13.6% ZnEq (Table 1) and an adjoining Exploration Target Range (ETR)* of 100Kt-200Kt at 10%-15% ZnEq.**
- **Napier Range also contains an additional ETR of 1-4Mt at 10-15% ZnEq across a number of separate prospects within the mining leases that are priority targets for a drilling program once the Option is exercised.**
- **Napier Range may represent a high grade low capital and near term producing zinc project, which complements the development of the large scale long life Admiral Bay Zinc Deposit.**
- **The Emanuel Range Zinc Project comprises highly prospective tenements adjoining the large tonnage high grade Pillara Zinc deposit located in the Pillara Range of the Kimberley Region, WA.**
- **Multiple synergistic options to the development and eventual mining of Napier Range and Admiral Bay are being considered, including infrastructure, mineral processing, offtake and financing solutions.**
- **The projects are classed as MVT deposits which typically demonstrate simple and conventional process flowsheet design, high metal recovery and excellent clean concentrate quality.**
- **Metalicity is uniquely positioned to explore, develop and mine Napier Range, given its extensive knowledge gained via the exploration and development of the nearby Admiral Bay Zinc Project.**
- **Due diligence including fieldwork has commenced immediately at the Napier Range Zinc Project.**

Metalicity Limited **(ASX:MCT) ("MCT"** or **"Company")** is pleased to announce that it has entered into an Option Agreement for the acquisition of the high grade Napier Range Zinc Project located in the Lennard Shelf of the Kimberley Region, WA, which may represent a low capital and near term producing zinc project opportunity, to complement the development of its large scale long life Admiral Bay Zinc Project, located in the adjoining Canning Basin of the Kimberley Region, WA.

***The Exploration Target Ranges (ETR) stated above are conceptual in nature and the potential quantities and grades are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource Estimate outside that known at Wagon Pass, and it is uncertain whether further exploration will result in the estimation of additional Mineral Resources.**

Metalicity Managing Director, Matt Gauci, commented:

"The Napier Range Option Agreement is a significant step forward for Metalicity's zinc strategy by providing a potential high grade, low capital, near term zinc development project that complements the pathway for our 100% owned Admiral Bay Zinc Project.

"Metalicity will now rapidly evaluate the technical and economic characteristics of Napier Range and determine its capacity to provide a source of cashflow for the Company's ongoing advancement of the long life Admiral Bay project."

Overview

The Lennard Shelf Projects consist of 2 granted mining licenses, and 4 exploration licenses comprising the Napier Range Zinc Project and the Emanuel Range Zinc Project (Table 2, Figure 1). All are located along the Lennard Shelf, a northwest trending belt between the Proterozoic Kimberley Block and the Fitzroy Trough, the deepest part of the Canning Basin. A carbonate platform and reef complex developed on the margins of the Kimberley Block during the late Devonian, and these rocks host a number of known Mississippi Valley Type ('MVT') zinc-lead-silver deposits that have previously been exploited (e.g. Pillara, Cadjebut, Kapok etc). The Lennard Shelf MVT deposits range from dominantly stratiform to dominantly vein or breccia hosted associated with faults, and are known for their simple processing and low levels of deleterious elements, attracting a premium in world markets.

Napier Range Zinc Project

The Napier Range Zinc Project consists of 2 granted mining licenses, an exploration license application and a granted general purpose license (Table 2). It includes the Wagon Pass deposit, with a JORC 2012 Inferred Mineral Resource Estimate of 750Kt at 5.8% Zn, 7.2% Pb, 54g/t Ag (13.6% ZnEq) and an adjoining ETR of 100Kt-200Kt at 10%-13% ZnEq.

Geology

In the Napier Range Zinc Project area, the Lennard Shelf Devonian carbonate complex rests unconformably on Proterozoic basement. Zinc-lead-silver mineralisation occurs within fore-reef and reefal slope carbonate rocks, mostly related to two stratigraphic levels: in dolomitised siltstones and limestones of the Lower Napier Formation, and at the upper levels, in limestones of the Upper Napier Formation. The Wagon Pass orebody is dominantly stratabound with minor fault and breccia associated ore. It is located about 12km northwest of the small but very high grade historic Narlarla zinc-lead-silver mine from which about 2,115t of lead, 2,867t zinc and 162t of silver metal were mined between 1948 and 1966.

Mineral Resource Estimate (MRE)

The most recent JORC 2012 Inferred MRE of 750Kt at 5.8% Zn, 7.2% Pb, 54g/t Ag (13.6% ZnEq) at Wagon Pass was completed by Cube Consulting in 2016, using a 5% Zn + Pb cut off, 2m downhole compositing, and an assumed bulk density of both waste and mineralized material of 3.0 g/cm^3. The deposit is located between 150-200m depth below surface. Additional details on key parameters of the MRE are presented in JORC Table 1 below, and the block model is shown in Figure 2.

Exploration Target Range (ETR)

A comprehensive targeting study completed in late 2016 over the project area for Meridian Minerals Pty Ltd ('Meridian') commented 'The area is underexplored due to a lack of ineffective and shallow drilling'. The targeting report outlines 9 targets, 1 for resource extensions to the Wagon Pass deposit and 8 further targets within 4km of the deposit.

At Wagon Pass, potential exists to extend the resource down dip to the west of the deposit, with an Exploration Target Range of 100-200kt at 10-15% ZnEq. The remaining 8 targets are located further south, mostly in analogous settings to Wagon Pass. The targeting study further commented that 'Although drilling has occurred in the project area, many drill holes did not test the favorable Lower Napier stratigraphy. In addition, the footprint of the Wagon Pass deposit is small and the area is significantly under-explored for additional deposits

0.5 to 1 Mt size.' Based on this analysis the Company is targeting multiple occurrences of 0.5-1Mt size, resulting in a global ETR at Napier Range of 1-4 Mt @ 10-15% ZnEq. The grade and tonnage range are based on the grade and geometry of the Wagon Pass deposit, and the cluster-style distribution of this mineralisation type. Individual targets are based on historic drill hole intercepts that have not been followed up, geochemical anomalies associated with structural trends and conceptual stratigraphic positions.

Emanuel Range Zinc Project

The Emanuel Range Zinc Project consists of one exploration tenement and two tenement applications in close proximity to the Pillara, Kapok, Cadjebut and Goongewa Mines, in the Emanuel Range of the Kimberley Region, WA (Figure 1). All of the tenements in this project cover the prospective stratigraphy and structural positions, in very close proximity to existing deposits or mines. For example, E04/2453 is located less than 2km from the Pillara deposit, the largest Pb-Zn deposit yet discovered in the Lennard Shelf.

Potential Synergies with Admiral Bay Zinc Project

A number of synergistic opportunities may be likely with the development of the Company's 100% owned large scale long life Admiral Bay Zinc Project, where the company has signed a development, construction and financing MOU with CNFC Equipment Co.,LTD, (**"CNFC"**) a subsidiary of China Non-Ferrous Metals ("NFC") and an offtake and financing MOU with China Minmetals Nonferrous Metals Co., Ltd (**"CMN"**) a subsidiary of China Minmetals ("CMM"). The primary synergy is the potential of Napier Range to be a high grade low capital near term producing asset, that would generate sufficient cashflow to support the development of Admiral Bay.

Key synergies identified to date include various infrastructure components, mineral processing equipment, human resources, financing and offtake synergies. These will be further evaluated and quantified during the Due Diligence period.

Terms of the Heads of Agreement with Ridgecape Holdings Pty Ltd ('Ridgecape')

Metalicity has signed a Heads of Agreement (HOA) for the 100% acquisition of Ridgecape whose primary asset is an Option Agreement with Meridian over the Napier Range and Emanuel Range Projects.

Metalicity will acquire Ridgecape for $1,100,000 in cash and fully paid ordinary shares in the company, via the following payments:

- $100,000 cash and $500,000 fully paid ordinary shares upon signing the Heads of Agreement
- $500,000 in fully paid shares upon the exercise of the Option.

Terms of the Option Agreement with Meridian

Metalicity (via the Ridgecape Option Agreement) has the right to exercise the Option to acquire 100% of the Napier Range and Emanuel Range Projects via the following payments:

- A$500,000 cash by November 22, 2017
- A$500,000 cash 6 months thereafter May 22, 2018
- A$1,000,000 cash 6 months thereafter by November 22, 2018

Meridian is a fully owned subsidiary of Chinese State-Owned Enterprise, Northwest Nonferrous International Investment Company Ltd (Northwest). If appropriate the Company will seek to negotiate more favourable terms on the transaction for these the projects with Northwest.

Note that Lennard Shelf Pty Ltd (a 50:50 joint venture between Glencore and Teck) retain an option to earn a 51% participating interest in the Wagon Pass tenements if a **new** JORC Inferred Resource has been **discovered**, by either completing and sole funding a Feasibility Study, or spending $20M on the assessment of the inferred resources.

Due Diligence

The Company has completed first pass due diligence on the acquisition of Ridgecape and is satisfied with the legal and commercial arrangements of the Company as well as the status of the Option Agreement with Meridian, and has confirmed there are no fatal flaws relating to tenure.

With the completion of the acquisition of the Option Agreement, the level and detail of due diligence will now increase to include a complete review of the data and block model for the Wagon Pass MRE, exploration targeting utilising an extensive exploration database sourced by the Company, and the development of a base case financial model to confirm the potential project economics.

Metal Equivalence

Zinc equivalent (ZnEq) calculation parameters are presented in Table 1. The metallurgical recoveries are extrapolated from orebodies with similar MVT characteristics. It is Metalicity's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. The calculation formula is ZnEq (%) = Zn(%) + 0.92Pb(%) + 0.02Ag(ppm).

Table 1: Zinc Equivalence parameters

	Metal		
Factor	**Zn**	**Pb**	**Ag**
Total recovery	93%	95%	90%
Total Payable	85%	95%	95%
Price (spot)	$1.24/lb	$1.00/lb	$16.5/oz.
Conversion Factor	**1.00**	**0.92**	**0.021**

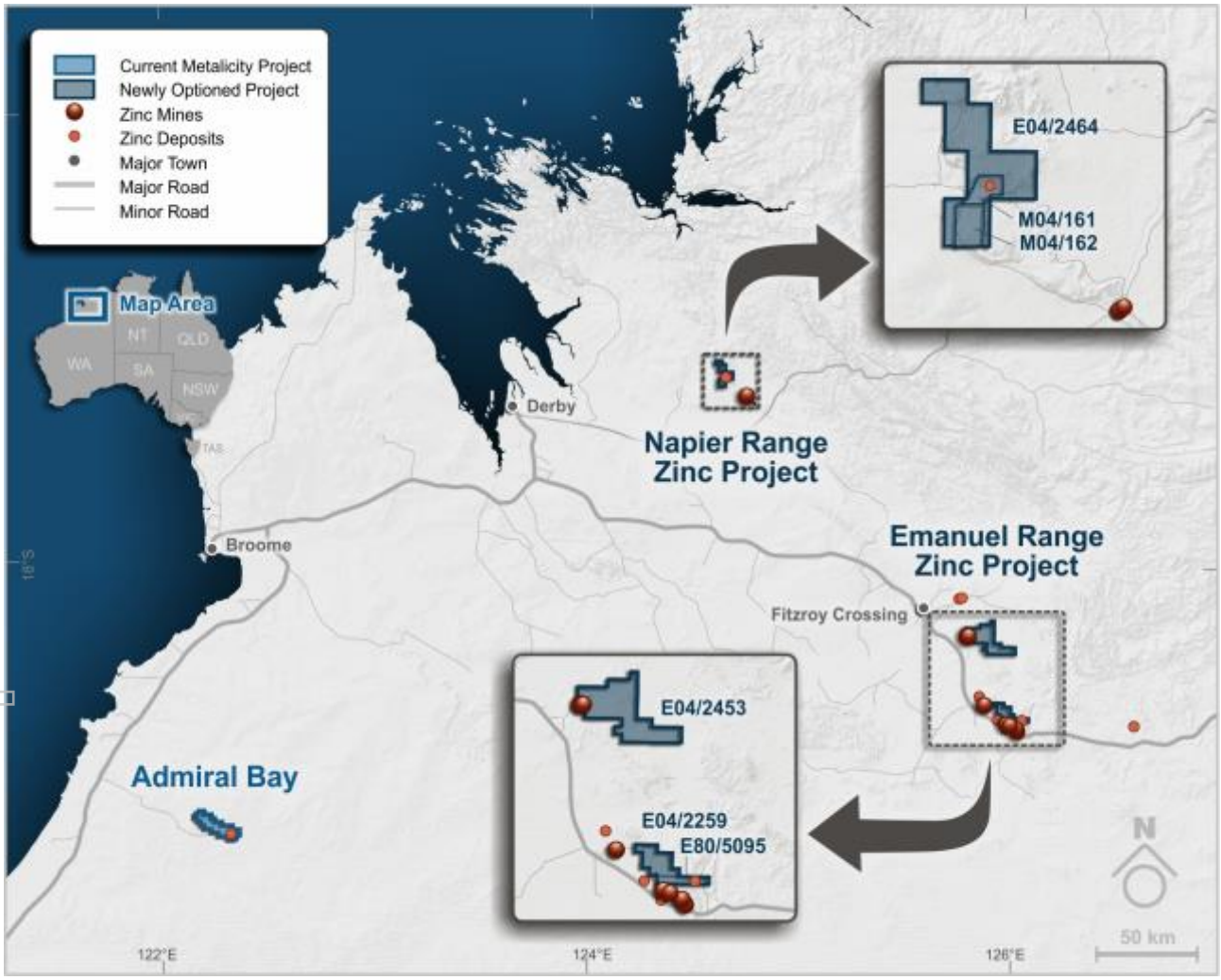
[1] Approximating to head grade

Metal equivalents are highly dependent on the metal prices used to derive the equivalence formula. Metalicity notes that the metal equivalence method taken above is a simplified approach. Only estimated metallurgical recoveries are available. The metal prices are assumed indicative LME prices and do not necessary reflect the metal prices that a smelter would pay for concentrate nor are any smelter penalties or charges included in the calculation.

Table 2: Tenements included within the Option Agreement

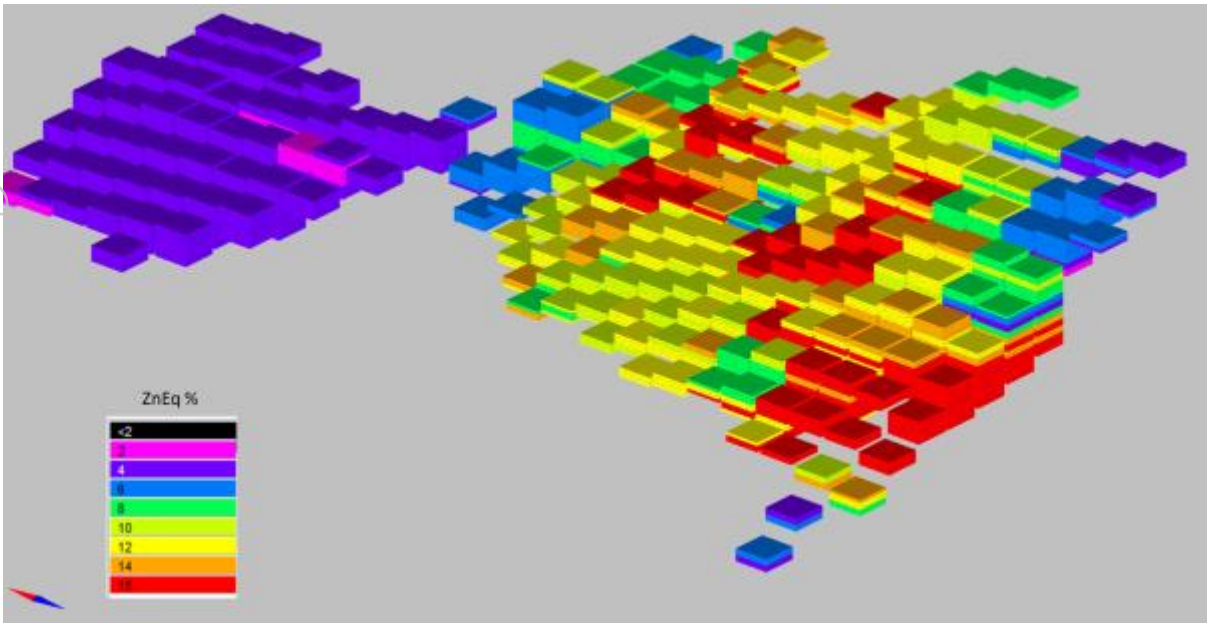
Tenement ID	Project	Area (blocks)	km²	Approval Date	Expiry Date	Expenditure Commitment
E04/2259	Emmanuel Range	15	48.5	4/07/2016	4/07/2021	$20,000
E80/5095	Emmanuel Range	7	22.7	Application	-	$20,000
E04/2453	Emmanuel Range	56	170	Application	-	$56,000
M04/161	Napier Range		4.65	31/12/1987	30/12/2029	$46,500
M04/162	Napier Range		7.2	31/12/1987	30/12/2029	$72,000
E04/2464	Napier Range	16	52.3	Application	-	$20,000
G04/20	Napier Range		0.04	3/03/1989	2/03/2031	-

Figure 1: Location of the Option Agreement Tenements



Source: Metalicity

Figure 2: ZnEq block model for the Wagon Pass deposit.



Source: Cube Consulting 2016

ENQUIRIES

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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 – Exploration Results and Exploration Target Range

Information in this report that relates to Exploration results and Exploration Target Range (ETR) has been reviewed 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.

Competent Person Statement – Wagon Pass Mineral Resource Estimate

Information in this report that relates to the Wagon Pass Inferred Resource Estimate has been compiled by Patrick Adams, FAusIMM, MAIG. Mr Adams is a Director of Cube Consulting, and consultant to Meridian Minerals Pty Ltd who commissioned the resource report in 2016, 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. Mr Adams consents to the inclusion of the data in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template relating to the Wagon Pass Mineral Resource Estimate.

(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.*	• All holes used in the 2016 MRE update were diamond drillholes, drilled between 1980 and 2007 by several companies. • Diamond drilled holes were sampled as either ¼ or ½ core splits on 1m intervals within the mineralisation, or core fillets on 2m intervals within the waste intervals. • Shell Company of Australia – NQ & BQ core • Western Metals – HQ collars, NQ to EOH • CBH – not specified • No further measures were taken to ensure sample representivity
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).*	• Diamond drilling was used for all holes in the 2016 MRE update. • A mixture of NQ, BQ and HQ sizes – primarily NQ and BQ within the mineralised intervals • There is no evidence that the diamond core was oriented. Most (46 of 49) holes were drilled vertically.
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.*	• There is no evidence of core recoveries in the data, besides passing mention in one log (Western Metals, 1998). • Measures taken to maximize sample recovery and ensure representative nature of the samples are not known. • No analysis on relationship between sample core recovery and grade has been undertaken.
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.*	• Diamond core was geologically logged to lithological contacts or changes in the nature of mineralisation. • Diamond core and RC chips have been geologically logged to a level of detail to support appropriate Mineral Resource estimation. • There is some core photography available for selected intervals of seven holes, NRD023, 028, 035, 045, 052, 131 and 134.. • Total length of all logged data is 38,005m of which 14,618m have been used in the estimate. • Logging has been conducted both qualitatively and quantitatively – full description of lithologies, alteration and comments are noted, as well as percentage estimates on alteration, veining and sulphide amount. • The total amount of relevant data used in the estimate is 14,618m (diamond, data), of which 100% was logged.

Criteria	JORC Code explanation	Commentary
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.*	• Diamond Core was ¼, ½ cut or fillet sampled. A minimum of 1m and a maximum of 2m was sampled. • Sample prep method is not recorded for this historic data. • One hole from CBH drilled in 2007 reports details around sample prep (CNRDD008). Samples were ground to -200# and treated with a four acid digest before analysis. • Drilling conducted in 1987/88 records duplicates every 50m downhole. • There is no record of quality control procedures. • There is no known relationship between sample recovery and grade and with core, sample recovery is recorded as very high
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 laboratories in Perth were used for assaying. • Original scanned laboratory records or Annual Report listings were checked against database records for all significant intersections • Half split core samples were analysed for Cu, Pb and Zn and occasionally Ag. • Base metal analysis was noted as AAS following perchloric acid digest for the majority of samples (Amdel codes C1 and C2). • One hole from CBH drilled in 2007 reports details around sample prep (CNRDD008). Samples were ground to -200# and treated with a four acid digest before analysis. • Descriptions of quality control procedures are based on previous resource reports and historical documents. The absence of original laboratory quality control records has meant that results of quality control analyses could not be checked and verified. • QAQC consisted of submission of field duplicates for drilling in 1987-88. • Historic records do not record the use of an umpire laboratory.
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.*	• No independent sampling has been undertaken by Cube. • Drillhole assay data has been checked against the original hardcopy logs and laboratory assay reports. • No twinning of holes has been identified in the drillhole data. • Data entry and verification was completed by the various companies undertaking exploration at Wagon Pass and described in historical documents relating to the corresponding periods of operation. • Samples not received or missing have had the interval left blank in the database.
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.*	• Historic records do not describe the collar survey method. • Historic records to not describe the downhole survey method except in the 2007 CBH drilling where this is recorded as single shot downhole. The 1998 Western Metals holes had a number of downhole surveys recorded on the original logs which have been incorporated into the database but there is no data around method of collection. • The supplied database contained a significant number of erroneous down hole survey entries. Cube have corrected all down hole surveys to documented planned or log recorded surveys available in the Annual Reports. • The drilling grid system has been setup on a local mine grid co-ordinates. The

Criteria	JORC Code explanation	Commentary
		supplied data base contained MGA 94 (Zone 51) co-ordinates only and grid transformation conversion data from Local Mine Grid to MGA was not located in the data set. • No Topography survey (or surface) was available; the mineralisation at Wagon Pass is an underground target located approximately 150m below the surface. The absence of a topographical surface is not considered material to the MRE. • Visual inspection in 3D graphics and comparison to paper plans in the Annual reports did not identify any significant inaccuracies with the spatial position of the drillholes.
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.*	• The local drilling grid is rotated approximately 20° East of North in the MGA 94 coordinate system. Drill data spacing is variable, ranging from 40m x 40m up to 50m x 100m for the majority of diamond drilling relating to the MRE. This spacing is adequate to determine the geological and grade continuity for classifying and reporting of Mineral Resources. • 2m downhole composites were used for the estimation.
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.*	• Drilling is orientated normal to the dip and plunge of the mineralisation. The majority of the holes were vertical, designed to intersect a mostly horizontal mineralised zone. • In most instances a representative sample across the mineralisation was obtained.
Sample security	• *The measures taken to ensure sample security.*	• No active drilling or sampling work is taking place. Routine sampling, submission and storage procedures are described in historical reports. There is no specific reference to sample security.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Cube conducted a data compilation review and validation prior to resource estimation which involved checks for duplicate surveys, downhole surveys errors, assays and geological intervals beyond drillhole total depths, overlapping intervals, and gaps between intervals. Cube also reviewed all existing assay logs and checked these against the database entries.

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.*	• The Wagon Pass deposit is part of the Napier Range Project area, located 108km east of Derby WA, at Lat -17.17425, Long 124.633202 in the West Kimberly Mineral Field. • The Drilling used in this MRE update has been completed by several companies during the 1980s, 1990s and during 2007 within historic mining and exploration tenements. • The Wagon Pass Deposit is currently located within Mineral Tenement 04/00161 listed as Active, held by Meridian Minerals Pty Ltd. The project is wholly owned by Meridian Minerals (Lennard Shelf Project) Pty Ltd.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• All exploration has been completed by previous operators. This includes Shell Australia, Billiton (as a Shell Australia subsidiary) Western Metals and CBH. • The historical data and database has been appraised and is of reasonable quality.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The project area is situated on the Lennard Shelf which forms a NW-trending belt between the Proterozoic Kimberley block and the Fitzroy Trough, the deepest part of the Canning Basin. During the late Devonian, a carbonate platform/reef complex developed along the length of the Lennard Shelf, during a period of active tectonism and rapid subsidence in the Fitzroy Trough. • Detailed mapping and drilling at Wagon Pass led to the definition of a detailed stratigraphy, outlined by Buchhorn and Sceney (1984) and revised by Clifford (1988). The Van Emmerick Conglomerate was considered to be the basal unit on Proterozoic basement, ranging from coarse clastic conglomerates to variably dolomitic conglomerates and feldspathic sandstones. This is overlain by, or interfingers with, Pillara Cycle Lower Napier Formation which was subdivided into five units. This formation is characterised by impure reddish sandy and silty dolomites with breccia beds and shaley units. The basal intraclastic unit with Pillara reef fragments was considered to correlate with the Sadler Formation in the SE Lennard Shelf and the remainder of the formation were considered to be Virgin Hills Formation correlatives. In particular, a stromatolitic unit and overlying red stylobedded peloidal packstone at the top of the formation show strong similarities with the Virgin Hills. Dolomitisation is variable in the formation. • Mineralization at Wagon Pass is apparently stratabound in the upper part of the Lower Napier Formation, occurring in silty dolomites and breccias with green chlorite and clays, probably reflecting hydrothermal alteration of detrital biotite in the host rock. Sphalerite and galena textures vary from finely disseminated and semi-massive stratiform, through irregular colloform dissolution/open-space fill to minor late vein and fracture fill. Zn and Pb are present in approximately equal amounts, with c. 0.5% Cu and 30-60g/t Ag. • The Wagon Pass area is cut by a series of north-south and east-west trending valleys described by Playford (1984) as subglacial channels, thought to be controlled by a series of regional fractures or faults. The Wagon Pass resource is bounded to the south by an E-W structure and is elongated along a N-S trend, suggesting possible structural controls.
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.*	• No exploration has been reported in this release, therefore no drill hole information to report. This section is not relevant to this report on Mineral Resources and Ore Reserves.

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.*	• No exploration has been reported in this release, therefore no drill hole information to report. This section is not relevant to this report on Mineral Resources and Ore Reserves.
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 exploration has been reported in this release, therefore no drill hole information to report. This section is not relevant to this report on Mineral Resources and Ore Reserves.
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.*	• No exploration has been reported in this release, therefore no drill hole information to report. This section is not relevant to this report on Mineral Resources and Ore Reserves.
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.*	• No exploration has been reported in this release, therefore no drill hole information to report. This section is not relevant to this report on Mineral Resources and Ore Reserves.
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.*	• No exploration has been reported in this release, therefore no drill hole information to report. This section is not relevant to this report on Mineral Resources and Ore Reserves.
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.*	• Cube is not aware of further work planned for this deposit.

Section 3 – Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used*	• Cube completed validation checks on the database including maximum hole depths checks between tables and the collar data; downhole survey validation from paper sources and assay data validation form paper sources for all mineralised intervals. • Cube has re-set all down hole surveys to documented planned directions or where available, documented down hole surveys.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person did not conduct a site visit as there is no current activity on site. This MRE is based completely on historic drilling data.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology type, geological setting and style of mineralisation.*	• The geological interpretation is well understood and confidence in the current interpretation is considered high. • The mineralised domain has been defined using a plus 2% Zn and/or plus 2% Pb assay result which is considered a strong indication of the presence of massive sulphide mineralisation. • Mineralised drill intervals have been included where the individual Zn% grade exceeds 2% or where the Pb% grade exceeds 2%. • The resultant lode is a gently undulating stratabound lode, striking at azimuth 030° and dipping -25 to the west. Given the data spacing the confidence in the volume of the mineralised zone is considered moderate. • The primary assumption is one of lode continuity between drill data. Alternative interpretations, such as less continuous mineralisation are possible and would have a material impact on the mineralised volume. • Geological logging of the mineralised unit has been used in conjunction with assay data to guide the lode interpretation.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The Mineral Resource is located approximately 150m below the topographic surface, the strike extend is 400m N-S with a plan projected width of 150m. The mineralised lode is gently undulating, dipping -25 to the west. The average mineralised drill intercept thickness is 12m with a maximum of 40m and a minimum of 2m.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.*	• Down hole best fit composites were generated for the mineralised lode, using an intercept zone code table in the database to control compositing. The composite data for each element was reviewed and high grade cuts have been applied to some elements. • The estimation methodology used was Ordinary Kriging, using individual variogram models for each element estimated. • A single standardised search radius of 250m was used with a minimum and maximum number of samples of 4 and 10 respectively. • The search has been rotated to 030° dipping -25 to the west and used a 250m semi-major and 50m minor axis radius. • No by-product recoveries were considered. • Estimations of any deleterious elements were not completed for the Mineral Resource.

Criteria	JORC Code explanation	Commentary
	• *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Block size used is 25mN, 25m E and 2m RL and sub-blocked to 12.5mN 12.5mE x1mRL. • The bulk of the drilling data was on 40m x 40m spaced sections. • No assumptions of selective mining units were made. • The estimate is a global estimate. • There is a moderate correlation between Zn and Pb. • The mineralised domain acted as a hard boundary to control the Mineral Resource estimate. • To limit the effects of extreme grades, top cuts of 25% Zn and 200g/t Ag were applied. Pb and Fe composite data were not top cut for estimation. • Block model validation was undertaken using the comparison of block model estimate to drill hole data composites. Validation also comprised visual checking in 3D, global statistical comparisons of input and block grades, and local grade (by northing) relationship plots.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Moisture was not considered in the density assignment. The mineralisation modelled in this resource estimate occurs entirely within the fresh or sulphide zone and is estimated as dry tonnes.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters.*	• The mineral resource has been reported above a Zn+Pb% cut off of 5%. This cut off represents a solid predictor of massive sulphide mineralisation given the reasonably equal values of Zn and Pb currently.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The assumed mining method was some form of underground mining based on the experience of nearby historic mining on the Lennard Shelf; however, no mining factors were considered during the interpretation and 3D modelling of the mineralisation. • Minimum mining widths were not considered during the interpretation and 3D modelling of the mineralisation as this update of the Wagon Pass was a global estimate.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors were considered during the interpretation and 3D modelling of the mineralisation. • There are no available metallurgical studies specific to the Wagon Pass sulphide mineralisation. • Assumptions regarding metallurgical treatment processes and parameters are based on the nearby Lennard Shelf historic operations.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• No assumptions were made regarding environmental restrictions.

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Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• There are no density measurements included in the original data although there is a table of Napier Range rock densities available in a 2007 CSA report. • Density was assigned to the model as 3.00 g/cm3. While not a measured data, this assigned bulk density is considered in line with similar massive sulphide material generally. • There were no considerations made for bulk density based on weathering profiles as the mineralised domain interpreted for this resource estimate lies entirely within the primary or fresh sulphide zone. • There has been no variation of the bulk density for sulphide concentration as no data exists for the Wagon Pass core.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit*	• The Wagon Pass MRE reported above a 5% (Zn+Pb) cut-off has been classified entirely as Inferred Mineral Resources which indicates a moderately low confidence in the reported tonnes and grade. In particular, there is an expectation that additional information will vary the global estimate materially, both up or down. • This classification is based on the following: • The drill hole data is from historic drilling campaigns and has no documented QA/QC data from which to determine the accuracy, precision or representivity of the sampling and assaying. • Documentation of the sample preparation and determination methodologies is inadequate to establish the appropriateness of the methods. • The collar locations and down hole deviations of the drill holes has not been established with modern systematic techniques. • The data has been gathered by respected suitably funded companies and the geological planning logging undertaken by suitably qualified geologists. The drilling for the most part has been undertaken by established drilling contractors using adequate drill equipment and the assaying undertaken by Industry Standard Laboratories of the time. • The geological setting is well understood and geological controls on the mineralisation is of medium confidence given the drill data density. There is however a reasonable expectation that infill and extensional drilling will change the volume of the Wagon Pass mineralised lode. • The bulk density for the mineralisation is assumed and constant. • The Mineral Resource Estimate appropriately reflects the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates*	• The interpreted mineralization wireframe has been peer reviewed by other qualified professionals in Cube
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the*	• No specific test of accuracy of this estimate have been undertaken. • The estimate is a global estimation by Ordinary Kriging within a geologically and grade defined 3D wireframe. • The updated MRE has been compared to the previous estimate. The previous estimate by Western Metals (McCracken 1999) reported 590kt at 8.5% Zn, 8%

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	factors that could affect the relative accuracy and confidence of the estimate. • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Pb and 75g/t Ag above a 5% Zn equivalent (Zn%+Pb%/1.8+Ag g/t/120). • The updated MRE for Wagon Pass as reported is in accordance with the JORC 2012 as 750kt at 5.8% Zn, 7.2% Pb and 54g/t Ag. • The two estimates are significantly different in methodology with the 1999 estimate based on sectional areas and average sectional grades and this update based on 3D wireframe interpretation and 3D geostatistical estimation techniques. • However, the contained metal estimates for the two models are within reasonable tolerances globally (the 2016 MRE is -15% Zn metal; +14% Pb metal and -9% Ag ounces), lending some confidence to the global estimated metal.

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