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Discovery, development and acquisition

Equity Raising Presentation

AUGUST 2017

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**Currency:** All references to '\$' are to Australian currency (AUD) unless otherwise noted.

# Equity raising overview

## Equity Raising Details

- |                                   |   |
|-----------------------------------|---|
| <b>Offer Structure &amp; Size</b> | <ul style="list-style-type: none"><li>• Single tranche placement (Placement) to raise up to A\$2 million, with 1 for 2 free attaching Option</li><li>• Issue of 55.5 million fully paid ordinary shares and 27.7 million unlisted options</li></ul>   |
| <b>Offer Pricing</b>              | <ul style="list-style-type: none"><li>• Offer price of \$0.036 per one new share and exercise price of \$0.08c per unlisted option (three year term)</li></ul>  |
| <b>Discount</b>                   | <ul style="list-style-type: none"><li>• Offer price discount of 20% to closing price on 26 July 2017</li><li>• Offer price discount of 10% to closing price on 2 August 2017</li></ul>  |
| <b>Ranking</b>                    | <ul style="list-style-type: none"><li>• New shares issued under the Placement will rank equally with existing Metalicity shares</li></ul>   |
| <b>Use of Proceeds</b>            | <ul style="list-style-type: none"><li>• Proceeds from the Equity Raising will be used for feasibility and drilling of the Company's projects, including:<ol style="list-style-type: none"><li>1. Completion of the Admiral Bay Zinc Project PFS stage 1, including metallurgical test work and mining optionality studies</li><li>2. Commencement of a maiden RC drilling campaign at the company's 100% owned Kyarra Cobalt Project</li><li>3. Commencement of a maiden RC drilling campaign at the company's 100% owned Pilgangoora North Lithium Project</li><li>4. Due Diligence on the acquisition of the Lennard Shelf Zinc Project</li></ol></li></ul> |
| <b>Cornerstone Investors</b>      | <ul style="list-style-type: none"><li>• The Company has received pre-commitments from investors exceeding A\$500,000</li></ul>  |
| <b>Lead Manager</b>               | <ul style="list-style-type: none"><li>• The Company is undertaking the placement as lead with assistance from a syndicate of brokers and advisors</li></ul>   |
| <b>Near-term Catalysts</b>        | <ul style="list-style-type: none"><li>✓ Admiral Bay PFS and MOU with Minmetals (Admiral Bay has recently been valued at A\$100m)</li><li>✓ Kyarra Cobalt Maiden Drilling Program</li><li>✓ Pilgangoora North Lithium Maiden Drilling Program</li><li>✓ Due Diligence on acquisition of Napier Range Zinc Project</li></ul>  |

# Equity raising timetable

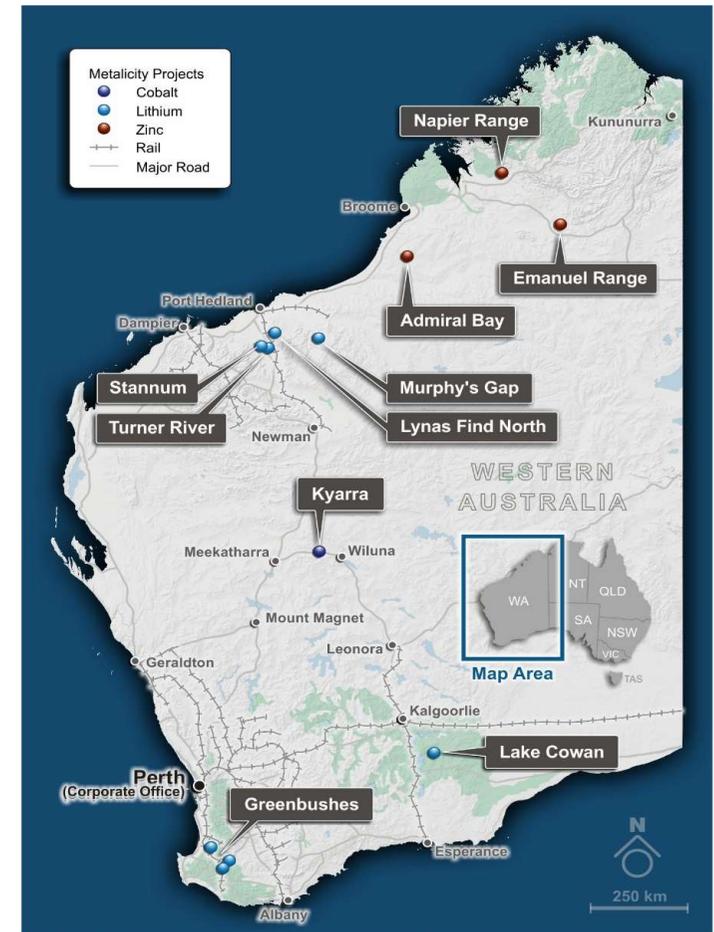
Key Event	Time / Date (AEST) <sup>1</sup>
Trading Halt, Announcement of Equity Raising	Pre-Open Thursday, 3 August 2017
Bookbuild Opens	10:00am Thursday, 3 August 2017
Bookbuild Closes <sup>2</sup>	6:00pm Thursday, 3 August 2017
Announcement of the Results of the Placement	Pre-Open Monday, 7 August 2017
Trading in Metalicity Shares Recommences	Monday, 7 August 2017
Settlement of New Shares Issued Under Placement	Monday, 14 August 2017
Allotment and Trading of New Shares Issued Under Placement	Wednesday, 16 August 2017

1. All dates and times are subject to change and are indicative only. Unless otherwise indicated, all times are Sydney time. Metalicity reserves the right to vary these dates and times without notice.

2. **Please note that the Book Build closes and firm bids are due by no later than 6.00PM (Perth Time) 3 August 2017; THE BOOK MAY CLOSE EARLY SO WE ENCOURAGE EARLY BIDDING**

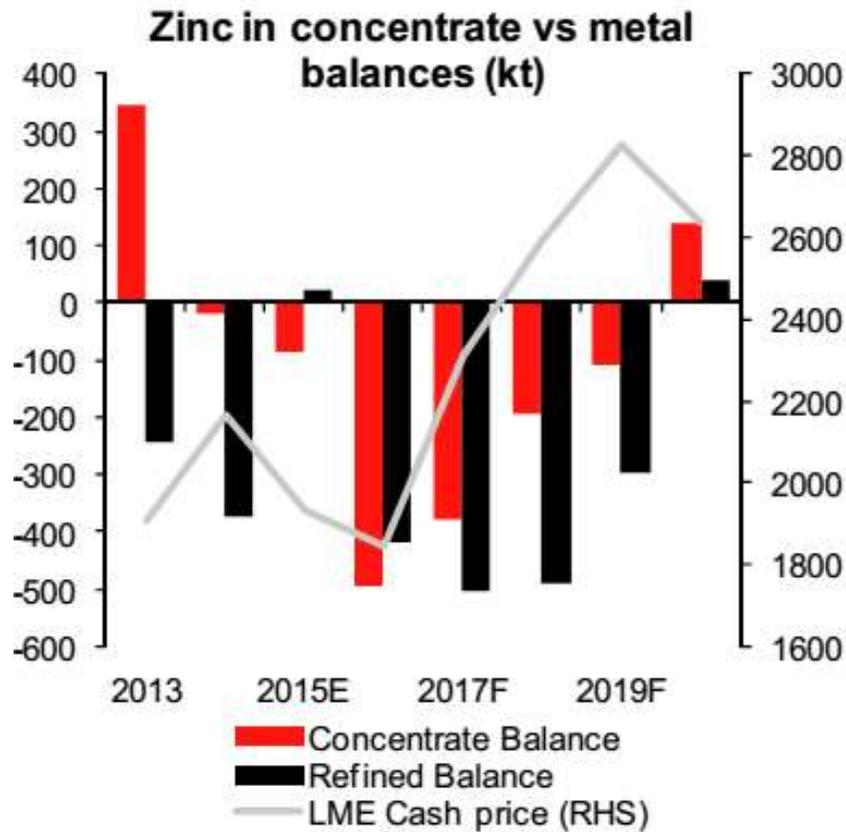
# We are driven by return on capital

- ▶ Discovery, development and acquisition are our enablers.
- ▶ All assets are in the premier mining jurisdiction of Western Australia.
- ▶ Primary development assets are the world-class Admiral Bay Zinc Project, and the recent Option to acquire the Lennard Shelf Zinc Project (Napier Range and Emanuel Range).
- ▶ Secondary asset(s) are highly prospective, drill ready cobalt tenure at Kyarra.
- ▶ All project acquisitions undertaken at low cost to shareholders.
- ▶ Capital raising will support a range of potentially high impact work programs in the second half of 2017 and 2018.
- ▶ Experienced Board and Management team significant shareholding.

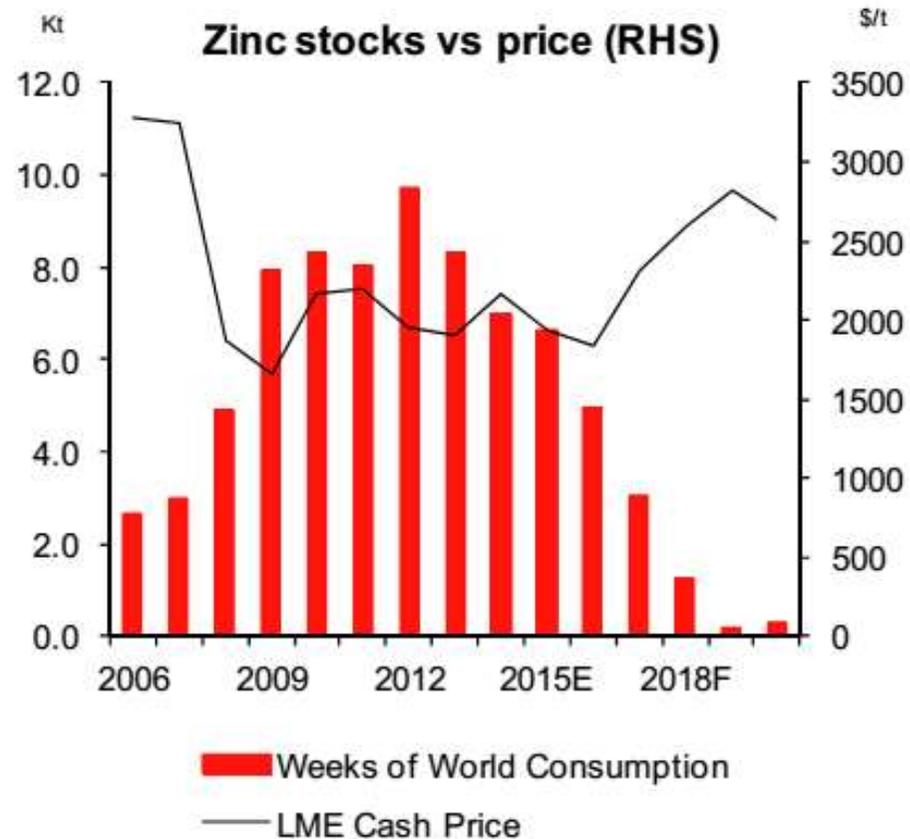


# Zinc: supply shortage driving prices

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Source: Macquarie Research, March 2016 (Wood Mac, CRU, LME, ILZSG)



Source: Macquarie Research, March 2016 (Wood Mac, CRU, LME, ILZSG)

# Admiral Bay zinc project highlights

- ▶ 100% Metalicity ownership including currently 100% offtake<sup>1</sup>.
- ▶ Located in the Canning Basin of Western Australia, approximately 140km south of Broome.
- ▶ Close proximity to excellent power, water, road and port infrastructure solutions.
- ▶ Updated Inferred Mineral Resource Estimate (MRE) of **170 Mt at 7.5% Zn<sub>Eq</sub>**<sup>2</sup>
  - In-situ contained metal of 7.0Mt zinc, 4.6Mt lead and 137Moz silver
  - Delineated on granted MLs and EL
- ▶ High grade zone of **20Mt at 10% ZnEq (including 4.9Mt at 12.5% ZnEq)**.
- ▶ Targeting a multi-decade operation of world class zinc-lead scale and operating cost.
- ▶ Scoping Study completed by SRK Consulting (July 2016) with the following key outcomes:
  - **Project development determined to be technically feasible**
  - Base case open stoping mining method
  - Flat lying deposit geometry and rock properties potentially favourable for longwall mining
  - Conventional flotation processing with expected high metallurgical recoveries

<sup>1</sup> Subject to MOU signed with China Minmetals Nonferrous Metals Co. Ltd for 10% of Admiral Bay zinc and lead concentrate. See Metalicity ASX release on 17/07/2017 .

<sup>2</sup> See Metalicity ASX release on 4/07/2016; Zn<sub>Eq</sub> = Zn + 0.97 Pb + 0.03 Ag (Table 1: Zinc Equivalence Parameters).



# A globally significant zinc resource

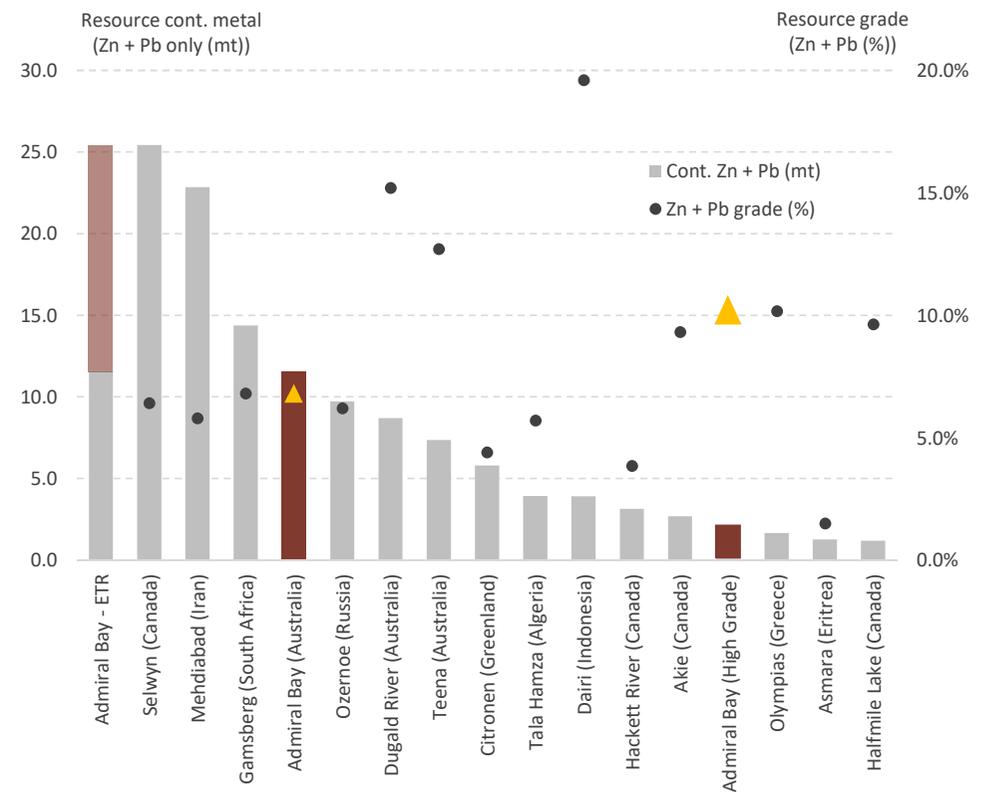
## Admiral Bay Resource Estimate

Classification	Tonnes (Mt)	Zn (%)	Pb (%)	Ag (g/t)	Zn <sub>eq</sub> (%) <sup>1</sup>
Inferred	170.0	4.1	2.7	25	7.5

- ▶ Contained metal = 7Mt zinc, 4.6Mt lead, 137Moz silver
- ▶ 3.0% ZnEq cut-off grade
- ▶ **Exploration Target Range<sup>2</sup>**
  - Exploration target estimate based on 3% Zn+Pb cut-off grade
  - 160-210Mt at 4.5-4.6% Zn, 2.2-2.1% Pb and 25g/t Ag
  - Contained metal = 7.2-9.6Mt Zn, 3.5-4.3Mt Pb, 128-169Moz Ag
  - 18km targeted strike extent
- ▶ High Grade zone of 10Mt at 10% ZnEq<sup>3</sup>

1 See Metalicity ASX release on 4/07/2016;  $Zn_{eq} = Zn + 0.97 Pb + 0.03 Ag$  (Table 1: Zinc Equivalence Parameters)  
 2 Note that the potential quantities and grades are conceptual in nature, that there has been insufficient exploration to estimate Mineral Resources and that it is uncertain whether further exploration will result in the estimation of Mineral Resources.  
 3 See Metalicity ASX release on 10/2/2015

## Major zinc development projects globally

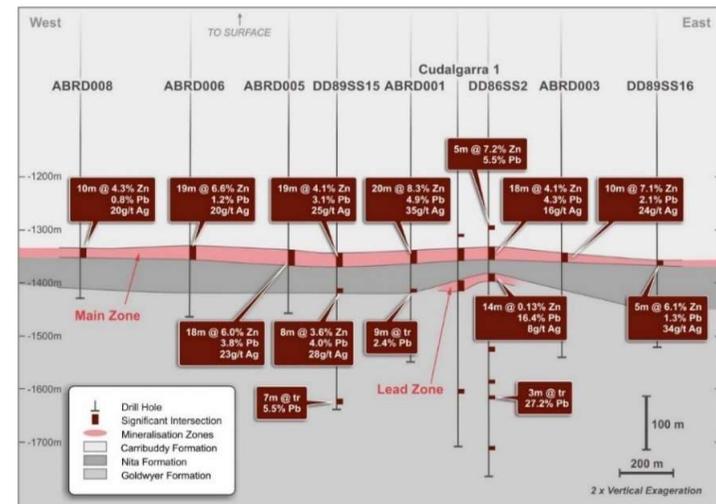
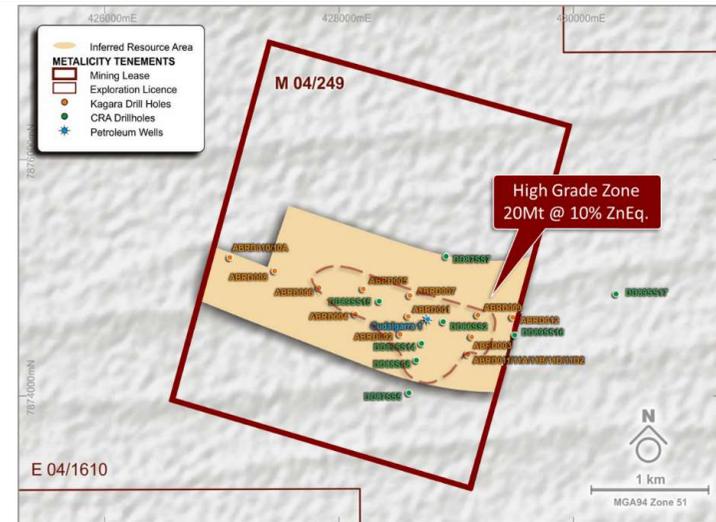


Source: Various company reports and releases

# A well defined high grade zinc-lead zone

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- ▶ Higher-grade zone of 20Mt at 10% ZnEq, including 4.9Mt at 12.5% ZnEq.
- ▶ Higher-grade zone within existing Inferred Resource of 170Mt at 7.5% ZnEq.
- ▶ Best intersections include 20m at 14.5% ZnEq (including 6m at 24.3% ZnEq) and; 14m at 17.7% ZnEq (including 14m at 16.4% Pb).
- ▶ Three Zn-rich intersections >10% ZnEq all lie within this zone.
- ▶ Multiple Zn-rich zones >10% ZnEq defined as targets for future work.
- ▶ Drilling is planned and budgeted to convert 12Mt of high grade zone to indicated category.
- ▶ High grade indicated resource expected to represent payback on total pre-production capital.
- ▶ DSO product potential from a total of 3Mt of resource.

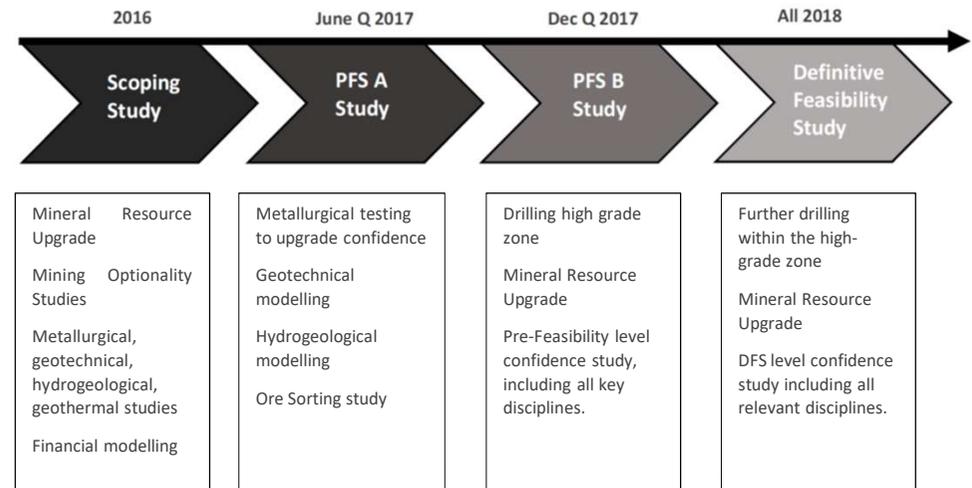


Source: Metalicity

# Pre-feasibility study underway

- ▶ Admiral Bay PFS to be completed in a two-staged approach.
- ▶ Pre-feasibility Study Stage 1 (to be completed by SRK Consulting) aims to:
  - Address geotechnical and hydrogeological criteria to inform mining method
  - Convert higher grade zone to the indicated category
  - Complete Ore Sorting test work aimed to test ore suitability for upgrading ore to a grade of ~40% ZnEq for a potential DSO product.
  - Complete key metallurgical test work programs and process flow sheet design
  - Design two staged approach to mining with “starter mine” DSO operation
  - Metallurgical test work will involve comminution and flow sheet design.
  - Convert MOU with China Nonferrous and China Minmetals to binding Joint Venture Agreement
- ▶ PFS Stage 2 will involve directional drilling to upgrade Mineral Resource to Indicated status and complete PFS level confidence studies across all disciplines.
- ▶ Two stage mining strategy being evaluated incorporating a low capita, four year DSO starter mine that would provide funding to ramp up to full production rate and plant construction.

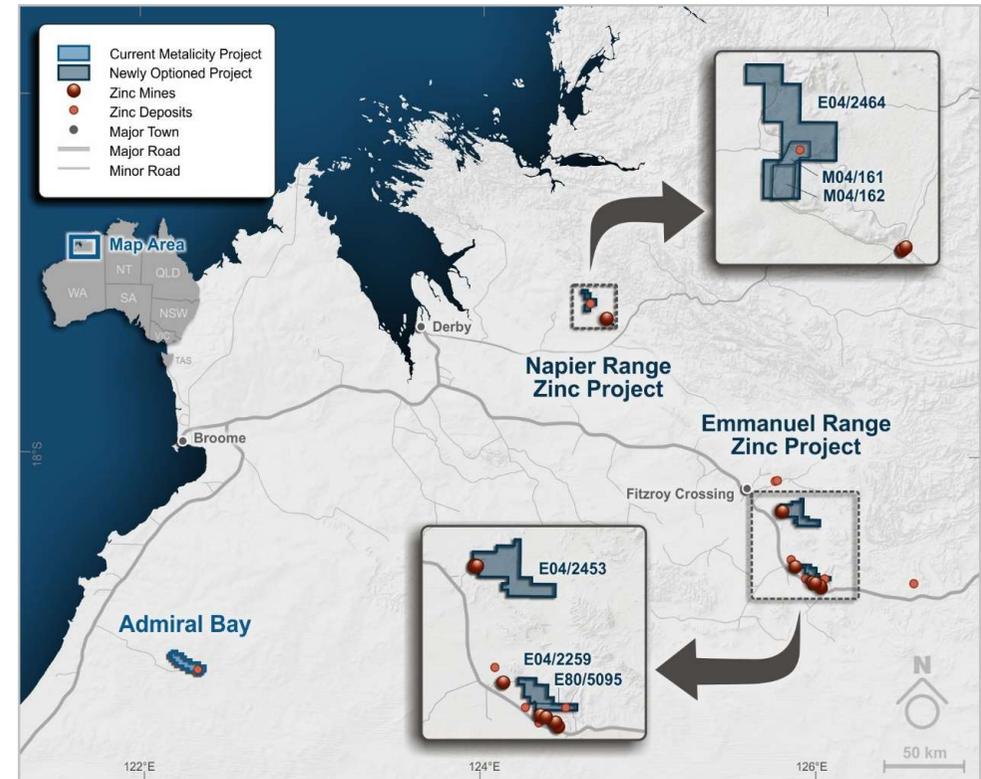
**Table 1. PRE-FEASIBILITY STUDY STRATEGY**



Source: Metalicity

# Lennard Shelf zinc project highlights

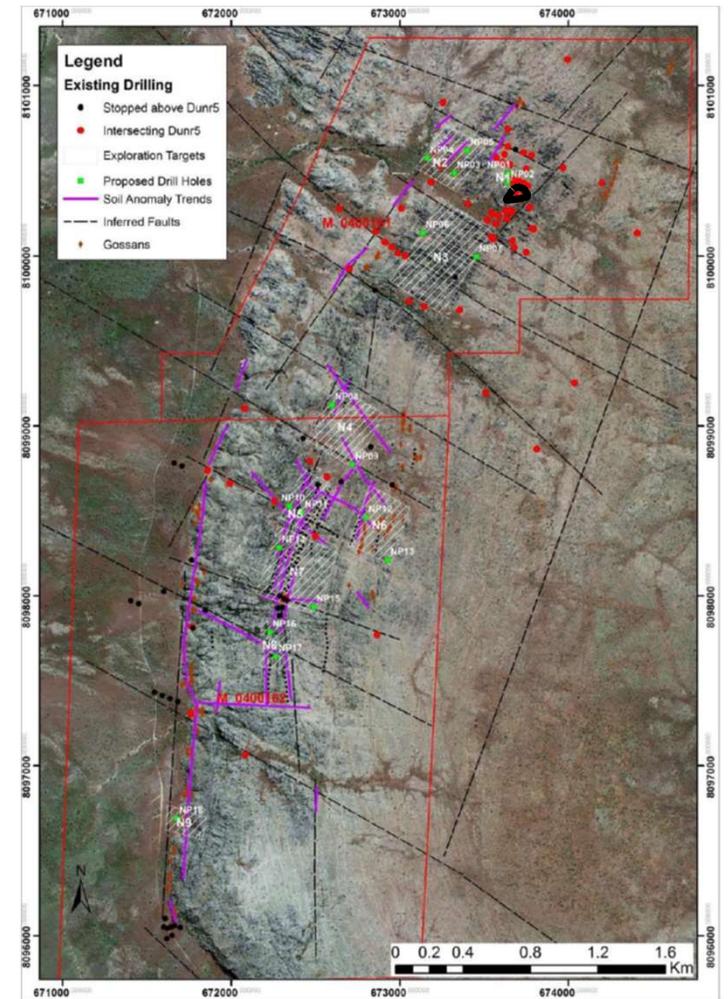
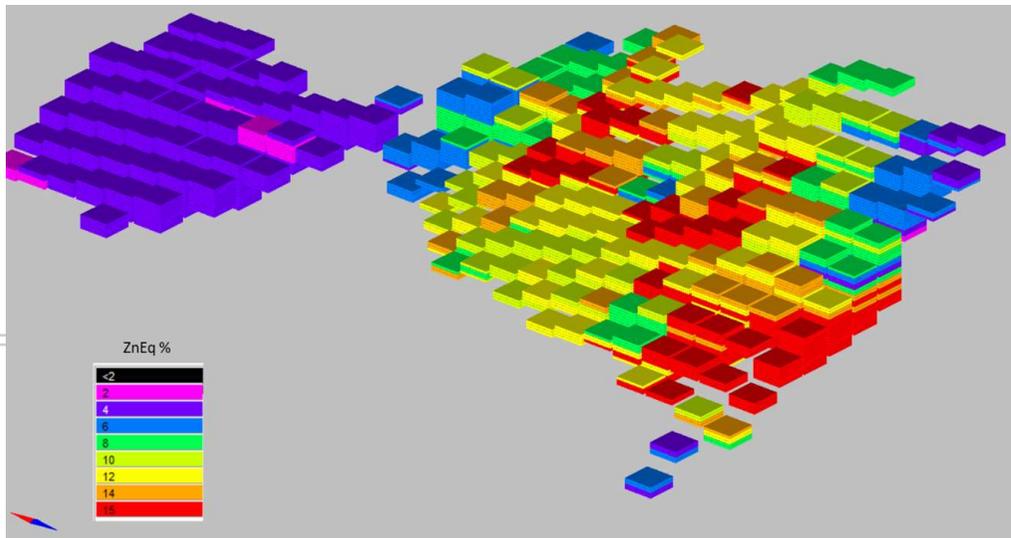
- ▶ Option to acquire 100% of the Lennard shelf zinc project which includes the Napier Range Zinc Project and the Emmanuel Range Zinc Project.
- ▶ The Napier Range Zinc Project contains the Wagon Pass deposit which is a JORC 2012 Inferred Mineral Resource Estimate (MRE) of 750kt at 13.6% ZnEq (5.8% Zn, 7.2% Pb and 54g/t Ag).
- ▶ Wagon Pass also has an Exploration Target Range (ETR) of 100kt-200kt at 10%-13% ZnEq<sup>1</sup>.
- ▶ In addition, Napier Range contains an ETR of 1-4Mt at 10-15% ZnEq<sup>1</sup> across a number of separate prospects within the mining leases that are priority targets for drilling.
- ▶ The Emmanuel Range Zinc project, consist on one exploration tenement (E04/2259) covering 48.5km<sup>2</sup> and two tenement application (E80/5095 & E04/2453) with a total of 172.7km<sup>2</sup>.
- ▶ Exploration targets in close proximity to the Pillar, Kapok, Cadjebut and Goongewa Mines with ≈30km of untested prospective zone with major faults.



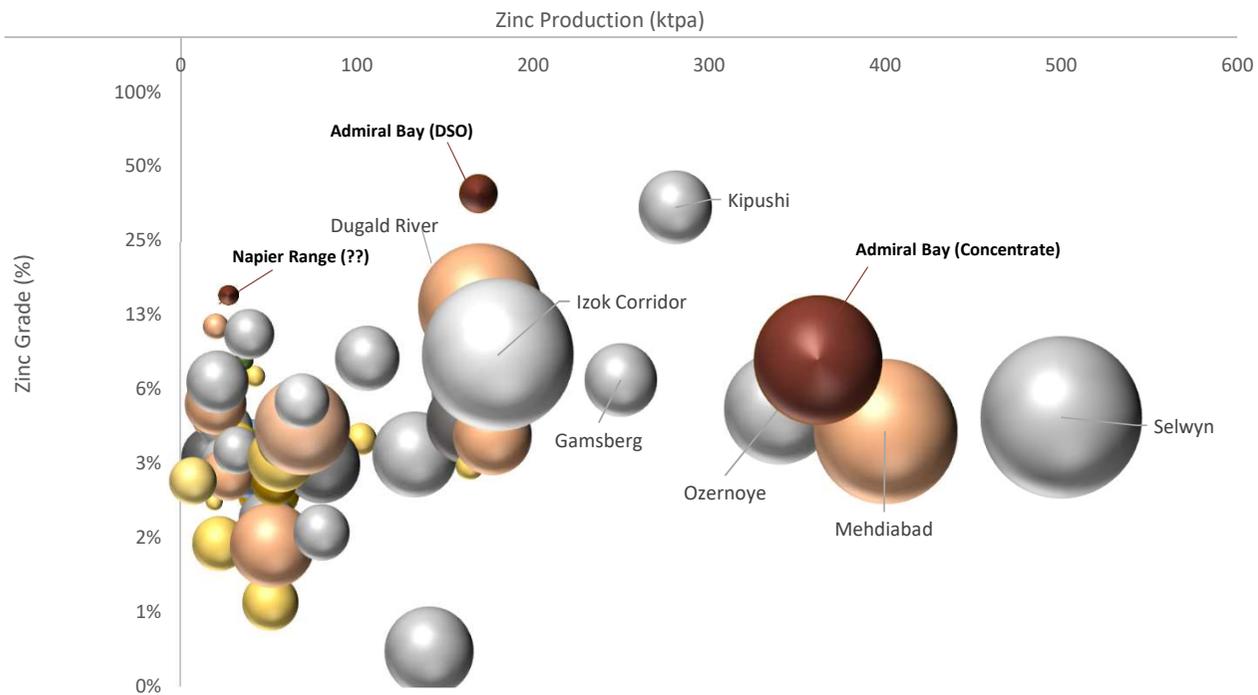
<sup>1</sup> Note that the potential quantities and grades are conceptual in nature, that there has been insufficient exploration to estimate Mineral Resources and that it is uncertain whether further exploration will result in the estimation of Mineral Resources.

# Lennard Shelf zinc project highlights

- ▶ The Napier Range zinc project is a high priority project that, upon exercise of the option and heritage clearance, may be the subject of significant drilling campaign to test extensions to the resource and regional prospects.
- ▶ Preliminary review suggest that Wagon Pass is a stand alone economically feasible project.
- ▶ Multiple synergistic opportunities with Admiral Bay, including infrastructure, mineral processing equipment, human resources, financing and offtake.



# Global zinc project development



Note: Bubble size equals capital (US\$m); Y-Axis is a logarithmic scale to account for Kipushi's high grade  
Source: Public Company Reports

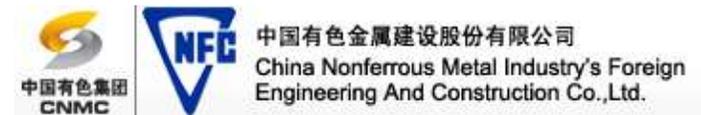
Project	Area / Country	Location Risk Rank (from 109)
<b>Admiral Bay</b> <i>Australia (WA)</i>	<b>87</b>	<b>1</b>
Selwyn <i>Canada</i>	79	12
Dugald River <i>Australia (Qld)</i>	78	16
Izok Corridor <i>Canada</i>	74	23
Ozernoye <i>Russian Federation</i>	66	47
Kipushi <i>DRC</i>	59	60
Gamsberg <i>South Africa</i>	58	66
Mehdiabad <i>Iran</i>	Sanctioned by EU, UN and USA	

Source: Mining Survey 2015 – Fraser Institute

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# Sector leading zinc partners

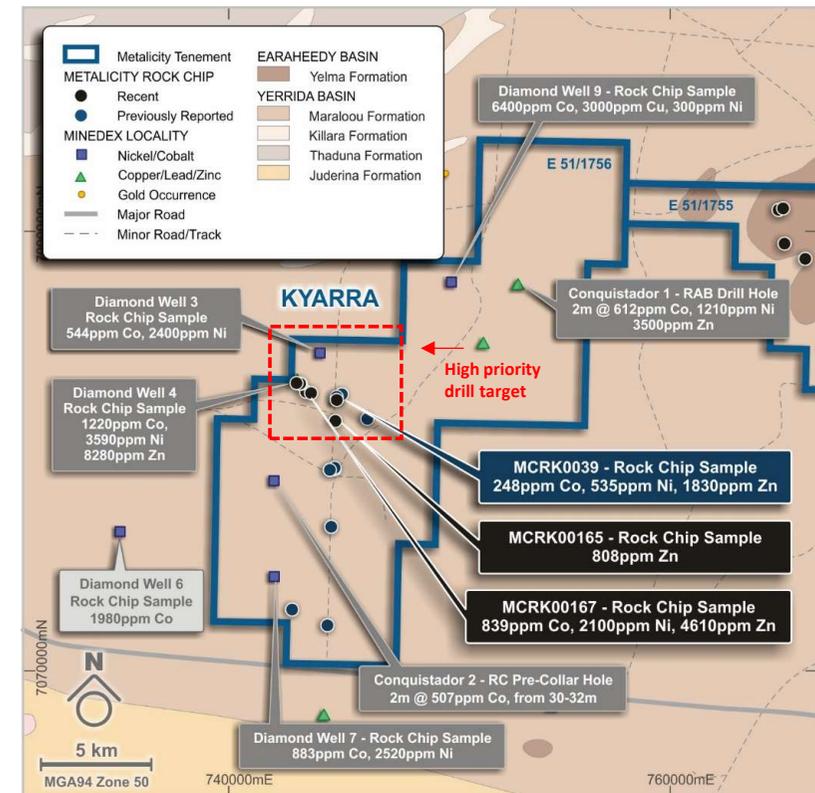
- ▶ **China Minmetals<sup>1</sup>** is one of China's, and the world's, leading zinc smelting companies with annual consumption capacity of 1Mtpa zinc concentrate.
- ▶ MOU signed with subsidiary **China Minmetals Nonferrous Metals Co. Ltd ("CMN")** for portion of future zinc and lead off-take from Admiral Bay.
- ▶ The MOU contemplates the supply of an initial 10% of future offtake from an anticipated production of 174Kt zinc and 115Kt lead per annum from Admiral Bay in exchange for metallurgical and beneficiation testwork which establishes a pathway for investing in Metalicity and/or Admiral Bay.
- ▶ CMN will undertake metallurgical and beneficiation testwork on approximately 50kg of existing core currently held by the company in a refrigerated container. CMN will prepare a report for Metalicity as part of the current PFS for the DSO and Concentrate Model, as well as for future financing and off-take.
- ▶ **China Nonferrous Metal Industry's Foreign Engineering and Construction Co. Ltd ("NFC")** is a global leader in zinc project engineering, procurement, construction and development.
- ▶ MOU signed with subsidiary CNFC Equipment Co. LTD ("**CNFC**") for the development, construction and financing of Admiral Bay.



1. Minmetals is one of China's leading zinc smelting company's with annual consumption capacity of 1Mtpa zinc concentrate and is currently completing a merger with China Metallurgical Corporation (MCC). The combined revenues of Minmetals and MCC are reported to amount to approximately twice that of the world's largest publicly traded mining company, BHP.<sup>1</sup> China is the world's largest consumer and processor of zinc concentrates into refined zinc. More information can be found at: [http://china.org.cn/business/2016-06/03/content\\_38595154.htm](http://china.org.cn/business/2016-06/03/content_38595154.htm)

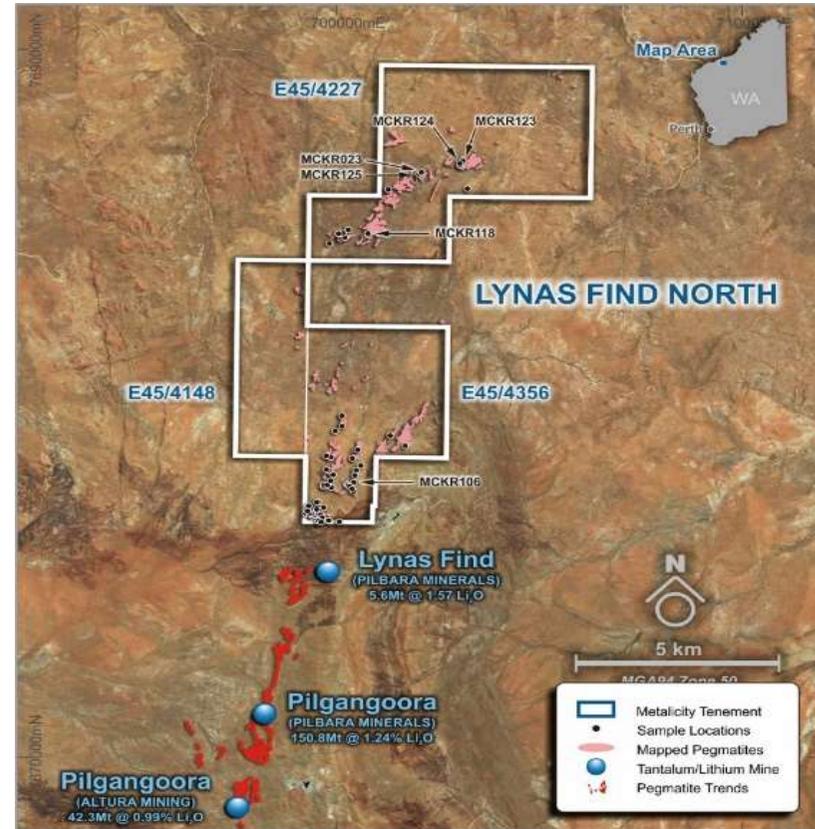
# Cobalt drilling current quarter

- ▶ The Kyarra Cobalt Project located in the emerging Yerrida Basin, WA.
- ▶ Extensive cobalt anomalies identified over a 25km strike.
- ▶ A 4km<sup>2</sup> priority target area has been identified where significant surface samples up to 6,400ppm cobalt and drill intersections including 2m at 612ppm cobalt have been achieved.
- ▶ Large landholding of 645km<sup>2</sup> of tenements covering a significant portion of the Yerrida Basin.
- ▶ Mineralisation model analogous to the Zambian Copper Belt – prospective for copper-cobalt and nickel-cobalt deposits.
- ▶ Maiden 2,000 – 3,000m drilling program planned for September Quarter.



# Lithium drilling imminent

- ▶ Lynas Find North adjoins Pilbara Minerals' and Altura Mining's Pilgangoora projects to the south.
- ▶ Extensive lithium bearing pegmatites have been mapped over a strike extent of approximately 10km at Lynas Find North.
- ▶ Pegmatites mapped within 1km of Lynas Find deposit.
- ▶ Drilling planned across a 10km x 2km target area.
- ▶ Excellent nearby processing infrastructure and access.
- ▶ Subject to results, program potentially to be extended to the Stannum lithium discovery to the southwest.



# Investment highlights

- ▶ Zinc strategy rapidly building genuine leverage in tightening zinc market.
- ▶ Option to acquire the high grade, low capital Lennard Shelf project provides complementary near-term development project as work continues on the world-class Admiral Bay project.
- ▶ Secondary cobalt and lithium work programs gathering momentum with potential to add significant near-term value.
- ▶ Multiple short-term catalysts for second half of 2017:
  - Admiral Bay Joint Venture discussions continuing throughout Asia
  - Lennard Shelf due diligence program and potential acquisition
  - Cobalt drilling at Kyarra in September Quarter 2017
  - Lithium drilling at Pilgangoora North in August 2017



# Appendix 1. Corporate snapshot

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## Capital structure

Issued share capital (MCT)	454.0 mil
Options	78.6 mil
Share price (June 2017)	A4.5c
Market capitalisation (diluted)	A\$23.9 mil
Cash (30 Mar 2016)	~A\$3.5 mil*
Debt (30 Dec 2016)	A\$0 mil
Average daily traded volume	0.90 mil

## Major shareholders

Founders	~15%
Management and Associates	~12%
Shanghai Metals	9.4%

\*includes \$1.8m cash + \$1.7m options in the money

## Metalicity share price



## Analyst coverage



# Appendix 2. Management Capability

## Board and Management

### CHAIRMAN Andrew Daley

- Mining Engineer and Investment Banker
- 40 years experience in the resource and investment banking industry
- Founding Director of PanAust, Oxiana and Investor Resources Limited (“IRL”)

### MANAGING DIRECTOR Matthew Gauci

- MBA and Mining Executive
- 20 years experience in the resource industry including Managing Director roles
- Founding Director of Metalicity

### NON-EXECUTIVE DIRECTOR Mathew Longworth

- Geologist and Mining Executive
- 30 years experience in the resources industry
- Formerly Managing Director of Heron Resources

### NON-EXECUTIVE DIRECTOR Chris Bain

- Geologist and Fund Manager
- 40 years experience in the resource industry
- Formerly Geology Manager with MIM Holdings and Founding Director of IRL

### COMPANY SECRETARY Neil Hackett

- Company Secretary and Director
- 25 years experience in the resources industry
- Formerly company secretary and director with ten small mid caps

### CHIEF FINANCIAL OFFICER Justin Barton

- CFO and Company Director
- 20 years experience in the resources sector
- Formerly with Ernst & Young and Rio Tinto



# Risks

## SPECIFIC RISKS

**Funding** Metalicity Ltd is operating in a capital intensive sector. It may require additional funding, from equity and debt capital markets, to fund its future capital expenditure program or for general operating costs. There can be no guarantee that Metalicity Ltd will be able to source funding on commercially acceptable terms and any additional equity funding will dilute the interests of Metalicity Ltd Shareholders. If additional funding is unable to be obtained, Metalicity Ltd may be required to reduce the scope of the proposed mining operations or even realise its investment in its projects.

**Commodity price** Metalicity Ltd's future revenue will likely be derived largely from bulk commodities (in particular, bauxite). Consequently, potential future earnings are likely to be closely tied to the price of these commodities. The bauxite price, like any commodity, is subject to price fluctuations which may have a material adverse impact upon both the value of Metalicity Ltd's assets and the price at which its Shares trade. These price fluctuations may be affected by a variety of factors outside the control of Metalicity Ltd, such as demand for minerals, forward selling by producers, production cost levels in producing regions, inflation, interest rates, and currency exchange rates. The viability of the Bauxite Hills Mine will be affected, to a large extent, by the prevailing bauxite price. If the price of bauxite was to fall below production costs for a sustained period, may sustain operating losses.

**Operational risks** Metalicity Ltd's operations may be disrupted by a variety of risks and hazards which are beyond its control, including geological conditions, environmental hazards, technical and equipment failures, flooding and extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of consumables or parts and equipment, fire, explosions and other incidents beyond the control of Metalicity Ltd Mining.

**Construction risks** The construction of the Bauxite Hill Mine will involve detailed planning to coordinate various stakeholders, including government agencies, contractors, professional advisors and finance providers. Delays and unexpected costs could significantly affect Metalicity Ltd's prospects, including its financial performance and position. Delay may be caused by adverse weather conditions and regulatory approvals taking longer than expected. While Metalicity Ltd has sought to mitigate that risk by undertaking detailed studies, such studies have limitations and actual costs and timing may differ from the outcomes predicted in the studies.

**Foreign exchange** Revenue, profit, expenses, debt servicing requirements, assets and liabilities of Metalicity Ltd may be adversely exposed to fluctuations in exchange rates.

**Dependence upon key personnel** Metalicity Ltd has a core team of executives and senior personnel, whose loss (and Metalicity Ltd's failure to secure and retain additional key personnel) could impede Metalicity Ltd's mine development plans within its current estimated time frames and cost structures envisaged. The impact of such loss would be dependent upon the replacement employee's quality and time of appointment, as well as the terms of their remuneration, relative to the employee they are replacing. There is no guarantee that the key personnel of Metalicity Ltd will be successful in their objectives despite their considerable experience and previous success.

**Mineral resources and ore reserves** Mineral Resources and Ore Reserves are estimates of mineralisation that have reasonable prospects for eventual economical extraction in the future, as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**). JORC Code compliant statements relating to Metalicity Ltd's Ore Reserves and Mineral Resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans or changes to the quality or quantity of Metalicity Ltd's Ore Reserves and Mineral Resources which may, in turn, adversely affect Metalicity Ltd's operations, including its ability to satisfy minimum quality specifications in off-take agreements.

**Native title** Existing tenements held and new tenements acquired by Metalicity Ltd may be affected by native title claims and procedures. There is potential for a determination to be made that native title exists in relation to the land subject to a tenement held by Metalicity Ltd, which could adversely affect the operation of Metalicity Ltd's business and development activities. In addition, a challenge may be made to a native title agreement which Metalicity Ltd has already entered into, which may cause Metalicity Ltd to incur unforeseen costs and delays in the development of the projects. In this event, compliance with either such determination may have a material adverse effect on the position of Metalicity Ltd in relation to cash flows, financial performance, business development, dividend payment and share price.

**Authorisation** Interests in exploration and mining tenements are evidenced by the granting of leases or licences, which are for specific terms and carry annual expenditure and reporting conditions. There is a risk that any permit held by Metalicity Ltd may not be renewed in the future, that any application for a grant may be refused, or that Metalicity Ltd may be unable to comply with regulatory requirements to retain title to its permits or applications. If Metalicity Ltd is unable to renew a licence or permit Metalicity Ltd may suffer damage and be denied the opportunity to explore and develop mineral resources. Failure to observe Metalicity Ltd's obligations relating to minimum expenditure or environment or safety could prejudice Metalicity Ltd's right to maintain a permit for a given tenement.

**Environmental regulations** All phases of Metalicity Ltd's operations are subject to environmental laws, regulations and approvals. Delays in the receipt of requisite approvals, or failure to receive requisite approvals, may delay the project or adversely impact the ability to develop the graphite project. Failure to comply with environmental laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial requirements, and the imposition of injunctions to force future compliance. Statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. In addition, there are statutes, rules and regulations governing conservation matters. While Metalicity Ltd attempts to minimise these risks by conducting its operations in an environmentally responsible manner and in accordance with applicable laws and regulations, there is a risk that the environmental laws and regulations may become more onerous, making Metalicity Ltd's operations more expensive.

# Risks

## Regulatory

Metalicity Ltd's activities in the bulk commodities industry are subject to legislation, regulation and various approvals. The introduction of new legislation or regulations, or alteration of current legislation and regulations, could have a material adverse effect on the financial performance of and current or proposed activities of Metalicity Ltd. In addition to regulations that affect Metalicity Ltd directly, changes to regulations or policies in jurisdictions where Metalicity Ltd has, or will have, customers, such as China, might also affect Metalicity Ltd's financial position or performance, particularly if such changes had the effect of reducing demand for bauxite. In addition, Metalicity Ltd will require various licences and approvals to progress the Bauxite Hills Mine Project. There is a risk that these may not be obtained, are delayed, or are subject to unsatisfactory conditions, which may have a material adverse impact on Metalicity Ltd.

## Contractual

Development of Metalicity Ltd's resources and subsequent sale of material will depend on a number of material contractual arrangements. While Metalicity Ltd will have contractual rights in the event of the contracting party's non-compliance, there is no guarantee that Metalicity Ltd will be successful in securing compliance or full performance. Failure by any other party to comply with an obligation under a contract with Metalicity Ltd may have a material adverse effect on Metalicity Ltd.

## Exploration

The tenement interests of Metalicity Ltd are at various stages of exploration. Potential investors should understand that mineral exploration, mining and development are high risk undertakings and there can be no assurance that the tenements currently held or acquired in the future will result in the discovery of an economic ore deposit. If a viable deposit is identified there is also no guarantee it can be commercially developed. There is no certainty that the proposed exploration will reveal mineable mineralisation or that such mineralisation will be commercially viable.

## Market risks

The price at which Metalicity Ltd Shares trade on the ASX may be determined by a range of factors including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlook and changes in the supply of, and demand for, exploration and mining industry securities.

The market for Metalicity Ltd Shares may also be affected by a wide variety of events and factors, including variations in Metalicity Ltd's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed exploration and mining industry entities that investors consider to be comparable to Metalicity Ltd. Some of these factors could affect Metalicity Ltd's share price regardless of Metalicity Ltd's underlying operating performance.

## Taxation risks

Changes to the rate of taxes imposed on Metalicity Ltd (including in overseas jurisdictions in which Metalicity Ltd operates now or in the future) or tax legislation generally may affect Metalicity Ltd and its Shareholders. In addition, an interpretation of Australian tax laws by the Australian Taxation Office that differs to Metalicity Ltd's interpretation may lead to an increase in Metalicity Ltd's tax liabilities and a reduction in Shareholder returns. Personal tax liabilities are the responsibility of each individual investor. Metalicity Ltd is not responsible either for tax or tax penalties incurred by investors.

## Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside Metalicity Ltd's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Metalicity Ltd's financial statements.

# Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of Metalicity Ltd in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

**New Zealand** This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Metalicity Ltd with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Hong Kong:** WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**United States:** This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

**United Kingdom:** Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

**Singapore** This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# Foreign Selling Restrictions

**Canada (British Columbia, Ontario and Quebec provinces)** This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

# Foreign Selling Restrictions

**Switzerland** The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

**Luxembourg** The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Luxembourg, from the requirement to publish a prospectus for offers of securities. An offer to the public of New Shares has not been made, and may not be made, in Luxembourg except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Luxembourg: • to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments; • to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements); • to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or • to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.