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## ADMIRAL BAY ZINC PROJECT PFS UPDATE

- ▶ MOU signed with China Non-Ferrous Metals to review, develop and finance Admiral Bay
- ▶ Alternate partnering discussions with global resources houses and financiers also at an advanced stage
- ▶ Initial focus of the Pre-Feasibility Study on Admiral Bay will be refinement of the preferred PFS pathway including the design and budgeting of drilling options of the high-grade zone
- ▶ New Mineral Resource Estimate on the high-grade zone at Admiral Bay commissioned

Metalicity Limited (ASX:MCT) (“MCT” or “Company”) is pleased to provide an update on the process to introduce a Joint Venture partner as part of the preferred Pre-Feasibility (“PFS”) pathway for the Admiral Bay Zinc Project (“Admiral Bay”) located, in the northwest of Australia.

A non-binding Memorandum of Understanding (“MOU”) with CNFC Equipment Co.,LTD, (“CNFC”), a holding subsidiary company of the leading zinc project development group, China Nonferrous Metal Industry’s Foreign Engineering and Construction Co., Ltd (“NFC”), to advance Admiral Bay, has been signed.

CNFC is the major engineering and equipment arm of NFC in resources and mining sector. NFC has established its major markets, in the Middle East, Central and North Asia, Central and South Africa, and is seeking further projects related to resources in the developed mining capital markets such as Australia. NFC has entered the Shenzhen 100 Stock Index and Shanghai-Shenzhen 300 Composite Index.

The MOU with CNFC is the first step in a potential partnership regarding the feasibility, development, financing and construction of Admiral Bay through to production. CNFC is an organisation with a strong track record in supporting the development of large, long life zinc projects, including Mehdiabad, Citronen, Talla Hamza and other projects in Northern China including the “City of Zinc”.

The MOU follows several meetings held by Metalicity management with CNFC in Beijing, the presentation of detailed technical and financial parameters from the recently completed Scoping Study and as part of the Joint Venture process being run by the Company.

In parallel, Metalicity is engaged in separate discussions with other parties including global resources houses and financiers regarding an investment in Metalicity and/or Admiral Bay. These discussions are at an advanced stage and the Company will inform the market should these discussions progress to a binding investment proposal in the near term.

The initial phase of PFS work at Admiral Bay involves the refinement of the preferred PFS pathway including the design and budgeting of drilling options as well as the compilation of a new Mineral Resource Estimate (“MRE”) for the high-grade zone of 20Mt at 10% ZnEq.

This high grade zone exists within the global MRE of 170Mt at 7.5% ZnEq and the additional Exploration Target Range (“ETR”) of 160Mt-210Mt at 7.2%-7.8% ZnEq (see ASX:MCT Announcement 10/02/15 and 04/07/16). This high grade zone is seen as a potential starter phase for Admiral Bay.

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**Managing Director, Matt Gauci, commented:**

*“Admiral Bay is a zinc project of world-class scale with the potential to support a large, multi-decade zinc operation in the premier mining jurisdiction of Western Australia. The MOU with CNFC is an important step in securing a potential partner with the engineering, construction and financing capabilities to develop Admiral Bay as has been demonstrated by this organisation on several other large zinc projects in the Middle East, Africa and Asia and the clear intent to do so in Australia for a multi-billion project.”*

**President of CNFC, Mr Liu Tongsheng, commented:**

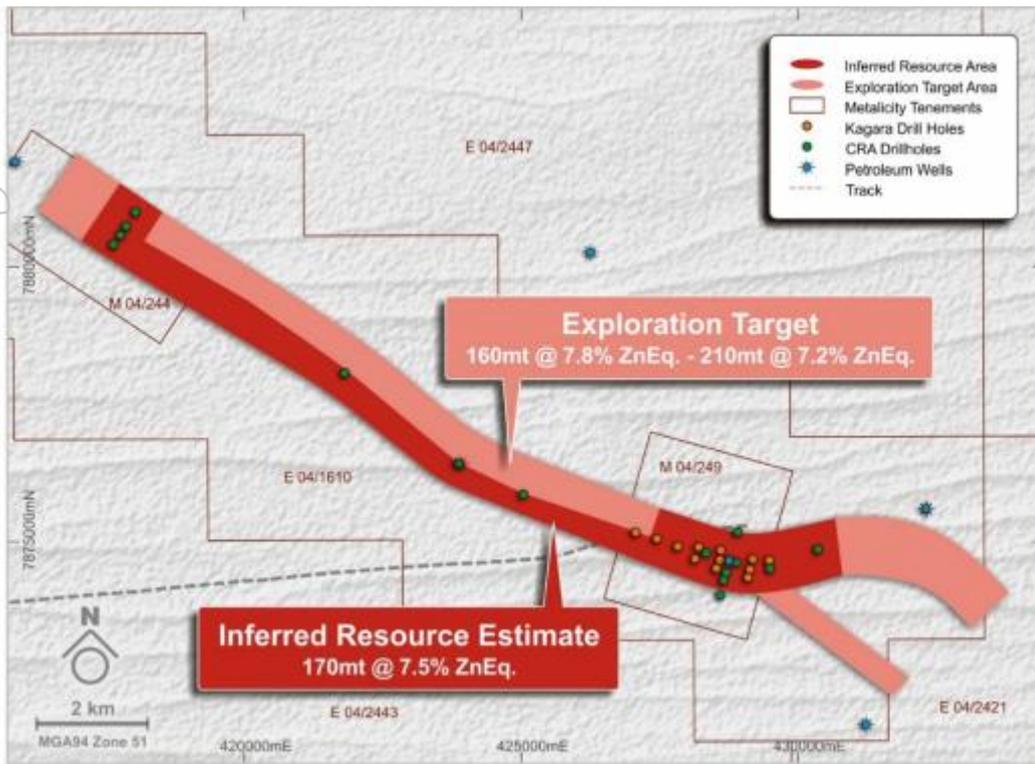
*“After preliminary technical due diligence CNFC acknowledges that the Admiral Bay Zinc Project is a very large, long life and technically feasible project with substantial upside. CNFC has demonstrated its feasibility, development, financing and construction expertise globally on other zinc-lead projects of this order of magnitude and we look forward to working with Metalicity to advance Admiral Bay.”*

**The Broad terms of the MOU with CNFC**

The terms of the MOU which will be the basis for progressing a binding and formal funding, joint venture or other financial agreement with CNFC for Admiral Bay are:

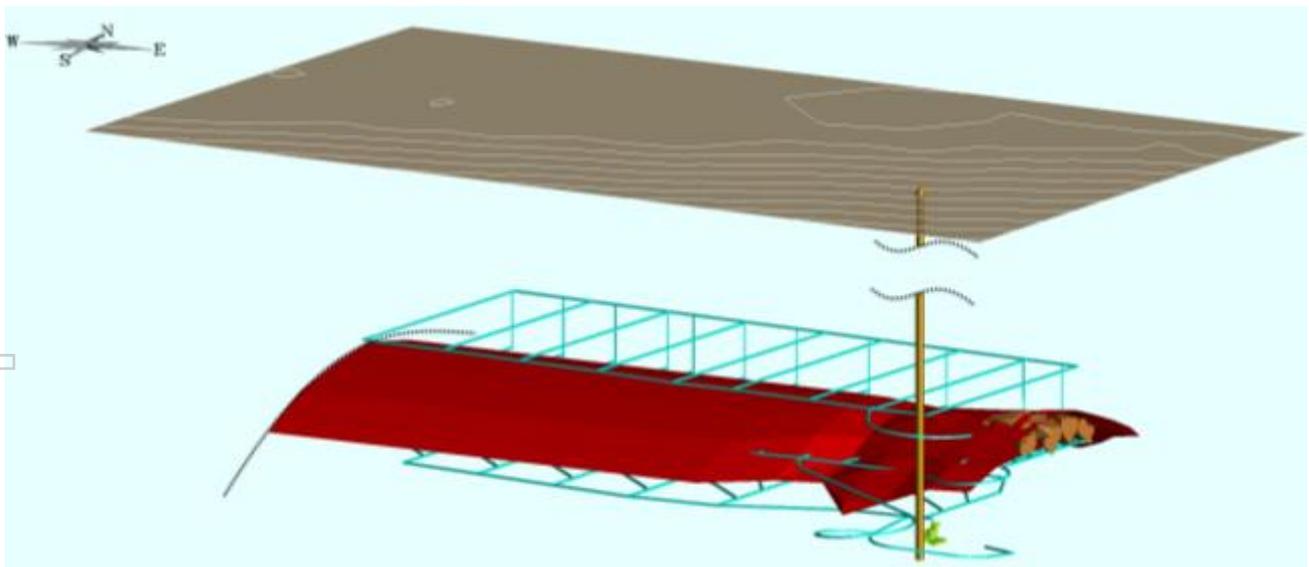
- Assist the Pre-Feasibility Study (PFS) including a detailed review of the technical and financial parameters of the recently completed Scoping Study
- Prepare a project study report in compliance with the financing requirements of Chinese banks
- Incorporate equipment and construction costs via CNFC for the PFS
- Work with Metalicity in securing Chinese project financing for the feasibility, development and construction of the Admiral Bay Zinc Project
- Outline the broad terms of product specification and Off-take arrangements with Chinese smelters

Figure 6: : Admiral Bay Zinc Project: MRE and ETR in plan view



Source: Metalicity

Figure 2: Proposed shaft access/open stope mining method for the high-grade zone of 20Mt at 10% ZnEq



Source: Metalicity

## ENQUIRIES

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