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Metalicity Limited **(ASX:MCT) ("Metalicity" or "Company")** provides the following update on the "Cobalt Exploration Accelerated at Kyarra" Announcement to the ASX on the 14th February 2017. The presentation of JORC Code, 2012 Edition – Section 1 Sampling Techniques and Data (from pages 6 to 9) has been included here as the correct version.

COBALT EXPLORATION ACCELERATED AT KYARRA

- **Extensive cobalt anomalies identified over a 25km strike at the Kyarra Cobalt Project**
- **Significant surface samples up to 6,400ppm cobalt and anomalous drill intersections including 2m at 612ppm**
- **Large land holding of 645km^2 of tenements covering a significant portion of the Yerrida Basin**
- **Analogous mineralisation model to the Zambian Copper Belt**
- **Desktop and field work accelerated with drilling planned for March Quarter upon grant of the tenements**

Metalicity Limited **(ASX:MCT) ("Metalicity" or "Company")** is pleased to report that it has identified extensive surface and near surface cobalt anomalies over an initial strike extent of 25km from a desktop review of the Department of Mines and Petroleum (DMP) 'MINEDEX' database at the company's 100% owned Kyarra Cobalt Project, located in the Yerrida Basin, WA.

The Kyarra Cobalt Project (E51/1755, E51/1756 and E53/1894) lies within the Proterozoic Yerrida Basin on the northern margin of the Yilgarn Craton. Widespread cobalt anomalism has been reported across the Yerrida Basin in historic surface rock chip samples, rotary air blast (RAB) drilling, and in reverse circulation (RC) drilling (Figure 1).

Within the E51/1756 tenement of the Kyarra Cobalt Project, anomalous historical results include up to 0.64% Co in surface samples and 2m at 612 ppm Co from drilling, across an initial strike extent of approximately 25km. The extent of the anomalism highlights the potential for a significant cobalt mineralising system. Exploration efforts have been accelerated focussing on this high priority target area. With sampling and drilling planned for the March Quarter upon grant of the tenements.

The proposed exploration model is interpreted to have numerous similarities to the mineralisation model of the significant copper-cobalt deposits of the Zambian Copper Belt. The units of interest in E51/1756 are carbonaceous and calcareous, pyritic shales and siltstones of the Maraloou Formation, and stromatolitic horizons within the basal portions of the Juderina Formation as these reducing horizons are ideal traps for oxidised metal bearing brines.

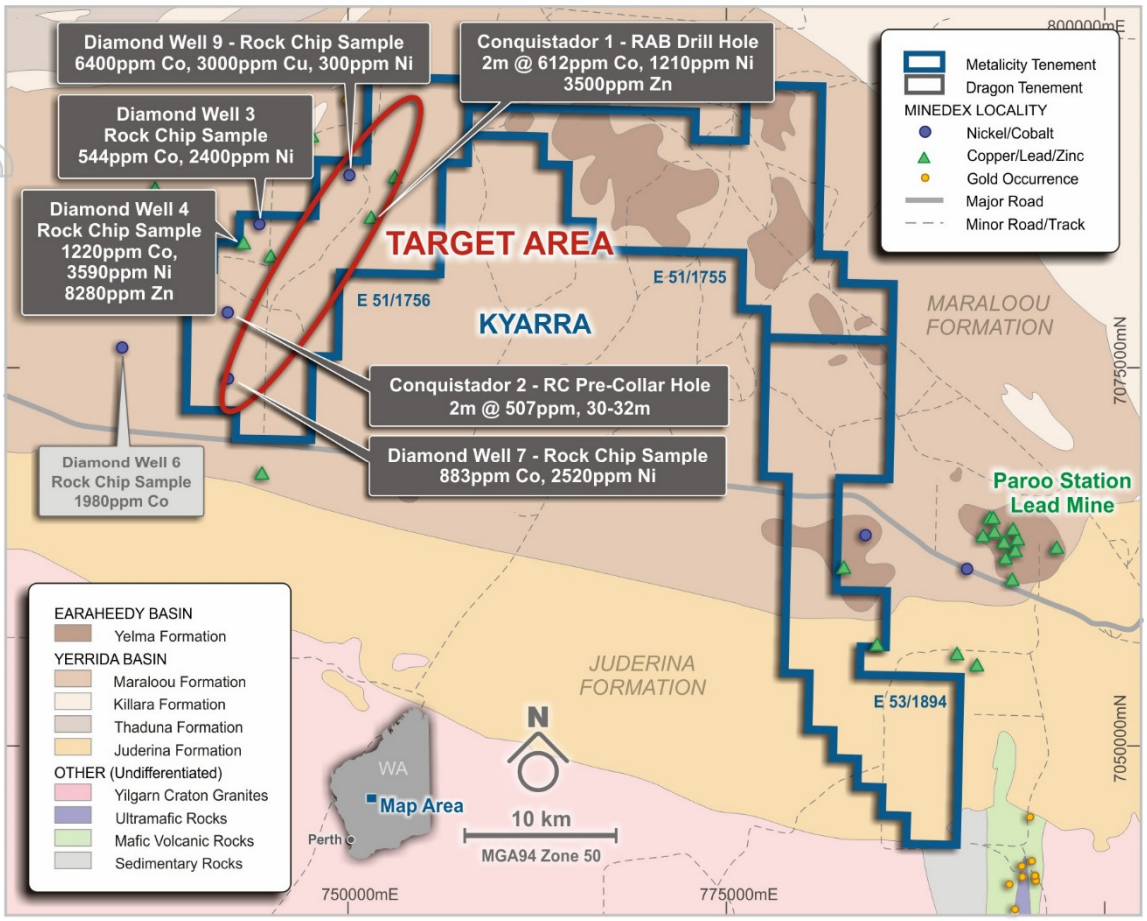
The Kyarra Cobalt project is well located in terms of access and infrastructure for exploration and mining. The project is located on the Goldfields Highway 40km west of Wiluna, 10km west of the Tabac Cobalt-Gold project and the Paroo Station Mine and Camp (Care and Maintenance) in the Northern Goldfields region of WA. The three tenement applications give Metalicity a dominant land holding in this newly identified cobalt district in the Yerrida Basin.

Metalicity Managing Director, Matt Gauci, commented:

"The extensive cobalt anomalism identified from initial work on the Kyarra Cobalt Project over an initial 25km strike extent represents a compelling target area for follow up field work and drill testing, which is planned for the March Quarter upon grant of the tenements."

The existing high sovereign risk supply of cobalt and lithium-ion batteries driven demand, means Metalicity is highly leveraged to exploration success at Kyarra. The project is also complementary with our portfolio of lithium and graphite projects also located in WA".

Figure 1: Kyarra Project Tenure over regional geology showing 25km target area within E51/1756, and anomalous cobalt results identified in the DMP 'MINEDEX' database.



Regional Geology

The Yerrida Basin is a northwest-southeast trending sedimentary basin dominated by weakly metamorphosed, flat-lying to shallowly dipping sediments and basaltic lavas.

The Yerrida Group has a composite thickness of up to 6km, and has been subdivided into two Subgroups related to two different tectonic settings. The Windplain Subgroup is an early, shallow water, sag-basin succession dominated by siliciclastic and evaporitic sediments. Overlain by arenaceous, argillaceous and mafic volcanic rocks of the Mooloogool Subgroup. Only the Juderina Formation of the Windplain Subgroup, and Maraloou Formation of the Mooloogool Subgroup have been documented within the Project area, but a significant area of basalts and dolerites of the Killara Formation outcrop to the northeast. The entire package is relatively undeformed and has undergone low grade metamorphism.

In the south of the Project area Juderina Formation siliciclastics and minor stromatolitic rocks of the Finlayson and Bubble Well Members respectively, dip shallowly north. They are overlain to the north by Maraloou Formation argillaceous, dolomitic limestone and siltstone. The Maraloou Formation also includes significant thicknesses of sulfidic black shales at its base that outcrop poorly but have been encountered in drilling.

These rocks are unconformably overlain by Earaheedy Basin sediments, which in the tenement area are represented by units of the Yelma Formation. Including laminated dolomitic siltstone and shale, dolomites, stromatolites and cherts.

Mineralisation

The Yerrida Basin sedimentary package also contains a number of the key elements necessary for SEDEX style base metal mineralisation, including evaporites, siliciclastics, hydrocarbons and basin bounding faults. Extensive exploration activities were completed in the late 1980's and 1990's focussed on discovery of base metal deposits using this model. Cobalt anomalism was identified at the time but not focussed on.

Comment on Historic Results

Extensive historic exploration activities were undertaken within the Kyarra Project area by various parties. Results reported herein have been selected from the DMP MINEDEX database of mines, mineral deposits and prospects, verified against the original company data reported to the DMP where possible. These results highlight the extent of cobalt anomalism only. Follow up work by the Company will aim to verify these results and identify focus areas for drill targeting.

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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 and precious metals sector where early stage exploration has commenced. The Company is supported by a management team with 300+ years collective experience in the resources sector and strong shareholder base of institutional and sophisticated investors".

Competent Person Statement

Information in this report that relates to Exploration results has been compiled from historic data by Mr. Pip Darvall, who is a member of the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgy. Mr. Darvall 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. Mr. Darvall consents to the inclusion of the data in the form and context in which it appears.

JORC Code, 2012 Edition – Section 1 Sampling Techniques and Data

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.*	• Sample and assay information for the MINEDEX localities listed is taken from historic reports A40871 and A43659 submitted to the Department of Mines and Petroleum by Renison Goldfields Consolidated (RGC) in 1994 and 1995, covering exploration work completed in 1993 and 1994. • Rock chip samples of outcrop and float were collected by RGC Exploration Pty Ltd geologists during mapping. No information is available as to sample size. • Rock chip samples record results for a particular point location and should not be regarded as representative of the entire outcrop or rock unit. • Rotary air blast (RAB) samples were collected as either bottom of hole or at 2m intervals in uniquely numbered sample bags. No other sampling information is available. • Due to the nature of the drilling technique RAB samples are subject to potential contamination. • RC pre-collar samples were collected as 2m composites.
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).*	• Reconnaissance drilling was completed using the rotary air blast (RAB) technique. No other information on the drilling is available • Diamond drill hole CDH1 was oriented -65° to 333.5°,. • An RC pre-collar was completed to a depth of 99m for CDH1. Sample quoted is from 30-32m
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.*	• No recovery was recorded for RAB or RC pre-collar drilling
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Rock chip samples have a basic description recorded. • Basic geological logging of units encountered was recorded during RAB drilling. • Chips obtained from RC pre-collars was geologically logged during drilling. Lithological descriptions and comments on observed mineralisation, structure and alteration are recorded in the drill logs. • Most information recorded is qualitative, with semi-quantitative estimates of abundances of various features including minerals and mineralisation.
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, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation*	• No information is available on subsampling techniques for RAB or RC samples. • No information relating to QAQC procedures is available. • Contamination of RAB samples was highly likely due to the nature of the drilling technique.

Criteria	JORC Code explanation	Commentary
	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.*	• RC samples are collected as 2m composites, RAB as bottom of hole samples or as 2m composites.
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.*	• Detailed information on the assay technique(s) utilised is not available. • Rock chip samples were analysed for Au, Ag, As, Ba, Bi, Ca, Cd, Co, Cu, Fe, K, Mg, Mn, Mo, Ni, Na, P, Pb, Pt, S, Sr, V, W and Zn. • RAB samples were analysed for Ag, As, Au, Ba, Bi, Ca, Cd, Co, Cu, Fe, K, Mg, Mn, Mo, Ni, Na, P, Pb, Pt, S, Sb, Sr, V, W and Zn • Diamond core and RC pre-collar chips were analysed for Au, Ag, As, Ba, Co, Cu, Fe, Mn, Mo, Ni, Pb, and Zn.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No information is available on how data was originally recorded. Original paper drill logs for the diamond drill holes and associated pre-collars are reproduced in the historic reports. • Historic data was reviewed and imported into GIS software to confirm its location within the Kyarra Project and its correlation with the Minedex localities.
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.*	• No information is available on the surveying method used for the original data. • Down hole surveys are recorded for diamond drillhole CDH1 showing deviation of up to 9°.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data locations are Minedex prospect locations published by the DMP, and are appropriately spaced to demonstrate cobalt anomalism exists within the area of interest. • These results are widely spaced and will be followed up and confirmed by Metalicity. • 2m composite sample results are presented in the text and Figure 1 above for RAB and RC pre-collar samples.
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.*	• Rock chip sampling is prone to bias. • The wide-spaced nature of the sampling and the intent of the announcement to highlight areas of cobalt anomalism means it is inherently biased,
Sample security	• *The measures taken to ensure sample security.*	• No information is available as to original sample security.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Historic data locations were reviewed for accuracy by importing them into a GIS package to check their locations against the project area.

JORC Code, 2012 Edition – 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 Kyarra Project consists of 3 tenement applications E51/1755, E51/1756 and E53/1894, located approximately 50km west of Wiluna, WA. • The three applications are held by Metalicity Energy Pty Ltd, a wholly owned subsidiary 100% owned by Metalicity Limited. • The area the subject of this announcement lies on vacant crown land. • A Heritage Agreement with the Yugunga-Nya Claimant Group is currently being negotiated with respect to all three tenement applications in the Kyarra Project.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration work within the tenement area has consisted of regional mapping, soil and rock chip sampling, RAB, RC and diamond drilling; and geophysical surveys.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Company is exploring for cobalt and other base metals within the Kyarra Project, which is wholly located within the Proterozoic Yerrida Basin in Western Australia. • The Yerrida Basin is a northwest-southeast trending sedimentary basin dominated by weakly metamorphosed, flat-lying to shallowly dipping sediments and basaltic lavas. The Yerrida Group has a composite thickness of up to 6km, and has been subdivided into two Subgroups related to two different tectonic settings. The Windplain Subgroup is an early, shallow water, sag-basin succession dominated by siliciclastic and evaporitic sediments. Overlain by arenaceous, argillaceous and mafic volcanic rocks of the Mooloogool Subgroup. Only the Juderina Formation of the Windplain Subgroup, and Maraloou Formation of the Mooloogool Subgroup have been documented within the Project area. However, a significant area of basalts and dolerites of the Killara Formation outcrop to the northeast. The entire package is relatively undeformed and has undergone low grade metamorphism. In the south of the Project area Juderina Formation siliciclastics and minor stromatolitic rocks of the Finlayson and Bubble Well Members respectively, dip shallowly north. They are overlain to the north by Maraloou Formation argillaceous, dolomitic limestone and siltstone. The Maraloou Formation also includes significant thicknesses of sulfidic black shales at its base that outcrop poorly but have been encountered in drilling. These rocks are unconformably overlain by Earaheedy Basin sediments, which in the tenement area are represented by units of the Yelma Formation. Including laminated dolomitic siltstone and shale, dolomites, stromatolites and cherts. • The Yerrida Basin sedimentary package also contains a number of the key elements necessary for SEDEX style base metal mineralisation, including evaporites, siliciclastics, hydrocarbons and basin bounding faults. Extensive exploration activities were completed in the late 1980's and 1990's focused on discovery of base metal deposits using this model. Cobalt anomalism was identified but not prioritized.

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*
		• See Figure 1 above for location of historic results which have been verified against the original reports.
		• The exact location of the data points is not critical to the demonstration of widespread cobalt anomalism within the project area given the scale at which it is being reported.

Criteria	JORC Code explanation	Commentary
	○ *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.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No weighting, or cut off grades were employed. • No metal equivalent values are reported
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').*	• Intercept lengths are reported as down-hole lengths. • There is not enough information to determine true widths, however the geological assessment of flat lying to shallowly dipping units in the area suggests it is reasonable to assume that down hole widths closely approximate true widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to main body of announcement for map of drill hole collar and sample locations and selected assay results.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Only Co results have been reported as this is the only element relevant to this announcement. Selected assay results demonstrate the extent of anomalism only and require follow up by Metalicity. • Other assay results were not significant.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Some relevant geological observations are presented in the main body text. • No additional testwork beyond assaying has been reported.
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.*	• Follow up work planned by Metalicity includes field mapping and rock chip sampling to verify the historic results reported herein, followed by drilling if results warrant it. • See Figure 1 of the announcement which depicts the area of interest.