

ASX RELEASE: 19 APRIL 2017

HIGH GRADE ZINC RESOURCE AT ADMIRAL BAY

- ▶ Drilling options being designed to increase confidence in high grade zone of 20Mt at 10% ZnEq
- ▶ High grade zone within 2.1km of the existing 18km global Inferred MRE of 170Mt at 7.5% ZnEq
- ▶ Best thick high grade intersections of 20m at 14.5% ZnEq (inc. 6m at 24.3% ZnEq) and 14m at 17.7% ZnEq
- ▶ Multiple zinc rich zones >10% ZnEq targeted to convert high grade zone to the indicated category
- ▶ DDH1 drilling and SRK Consulting have been appointed to the PFS team for drilling and resource estimation

Metalicity Limited (ASX:MCT) ("MCT" or "Company") provides the following update on activities relating to the high grade zone within the existing Mineral Resource Estimate ("MRE") of the Admiral Bay Zinc Project, located in the northwest of Australia ("Admiral Bay") and the preferred Pre-Feasibility ("PFS") pathway.

The positive Scoping Study (see ASX:MCT 29/7/2016) completed by expert technical consultant SRK Consulting, confirmed that the Admiral Bay deposit has the potential to support a long life and low cost zinc/lead/silver operation. The global Inferred MRE of 170Mt at 7.5% ZnEq (see ASX:MCT 4/7/2016), also confirmed the deposit's scale, which extends over an 18km mineralised corridor, and is considered to be one the largest undeveloped zinc deposits in the world (Figure 2).

SRK Consulting has been appointed to review aspects of the geology and estimation of the mineral resource located in M04/249 where the majority of drilling is concentrated. The high-grade zone MRE of 20Mt at 10% ZnEq (see ASX:MCT 10/2/2015) includes 4.9Mt at 12.5% ZnEq at 11% ZnEq cut-off, and is limited to 2.1km within the 18km global Inferred MRE (Figure 3). SRK Consulting is an independent, international mining consulting group were the project managers for the Scoping Study on Admiral Bay.

Significant high-grade intersections >10% ZnEq occur in most of the holes that have tested the central axis of the antiform. In the higher-grade zone, seven holes have drilled mineralised zones of >10m in the axial zone and of these three have intersected zones >10% ZnEq and four have intersected mineralisation from 8-10% ZnEq. A total of 20 holes have been drilled over the extent of the high-grade zone within M04/249.

The existence of intersections such as 20m at 14.5% ZnEq (including 6m at 24.3% ZnEq) in ABRD001, and 19m at 8.3% ZnEq and 14m at 17.7% ZnEq in SS02 indicates that high-grade zones are present in the axial zone of the deposit and it is considered likely that multiple high-grade zones will be intersected by further drilling.

This high-grade zone is the most logical area for the commencement of mining to accelerate payback on pre-production capital and it is a priority to convert a relevant portion of this zone to the indicated category. The design and budgeting of drilling options hence has focussed on this portion of the deposit.

DDH1 Drilling have been appointed to assist with the design and budgeting of drilling options. DDH1 has an unrivalled reputation in resource drilling orebodies at depth in Australia. Previous and current relevant projects include Admiral Bay, the Super Pit, Dugald River and Gwalia Deeps.

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Metalicity is engaged in discussions with a range of parties including global resources houses and financiers regarding an investment in Metalicity and/or Admiral Bay. These discussions are at an advanced stage including those with China Nonferrous Metal Industry’s Foreign Engineering and Construction Co., (“NFC”) with whom the company recently signed a Memorandum of Understanding (“MOU”) for the feasibility, development, financing and construction of Admiral Bay.

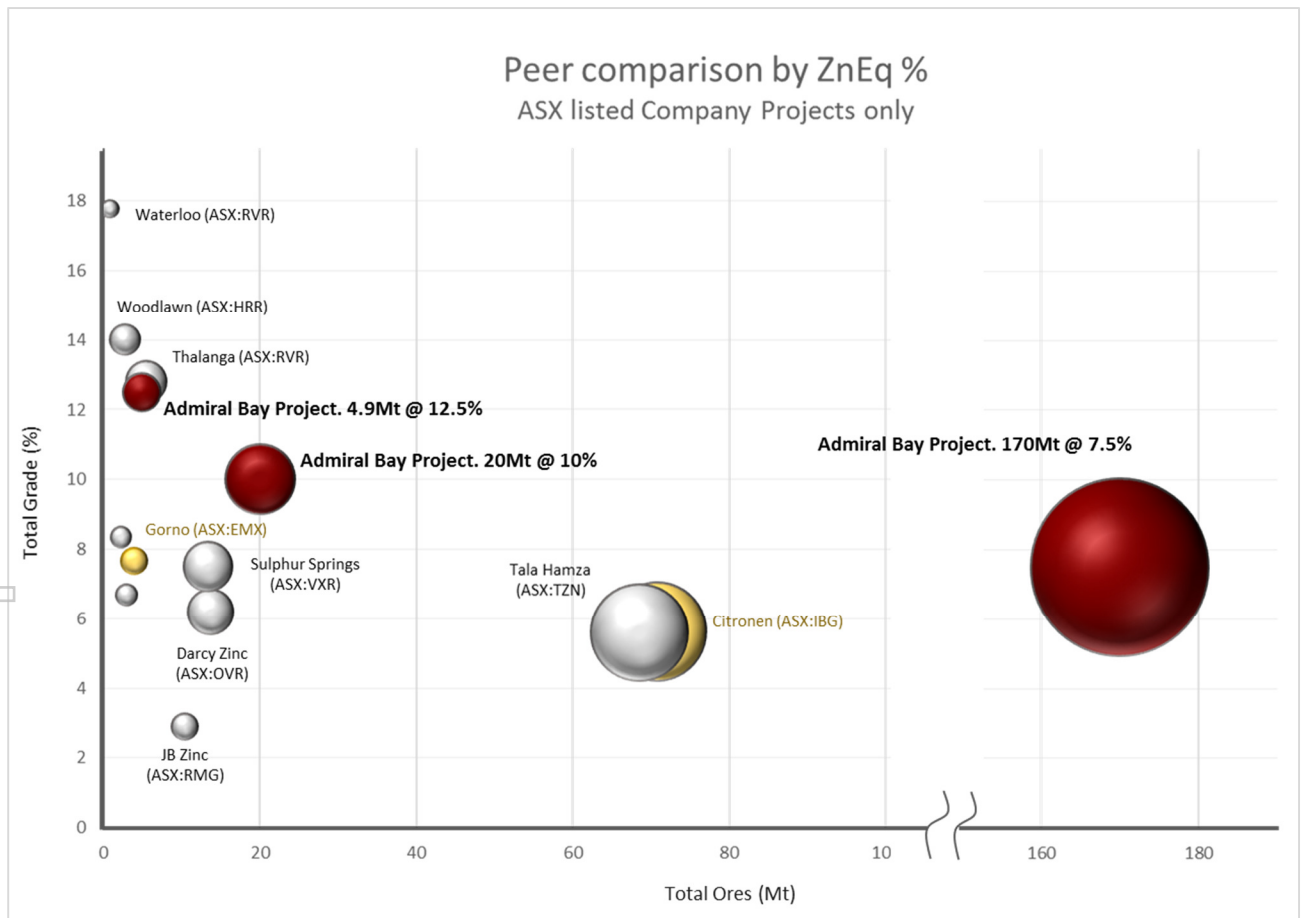
Metalicity Managing Director, Matt Gauci, commented:

“The high-grade zone of 20Mt at 10% ZnEq within the global MRE of 170Mt at 7.5% ZnEq is one the largest and highest grade deposits of the ASX Listed peers on its own (see Figure 1 below), and will be the focus of resource drilling for the PFS to convert a relevant portion to the indicated category.

It is highly likely that converting a relevant portion of the high-grade zone to the indicated category will support payback on pre-production capital. We are working closely with DDH1 and SRK Consulting to complete definition of this high-grade resource and design and budgeting of drilling options for the PFS.

Additionally, we are advancing our MOU with NFC including a detailed review of the technical and financial parameters of the recently completed Scoping Study while incorporating this high-grade zone into the model as part of the preferred PFS pathway and potential investment in Metalicity and/or Admiral Bay.”

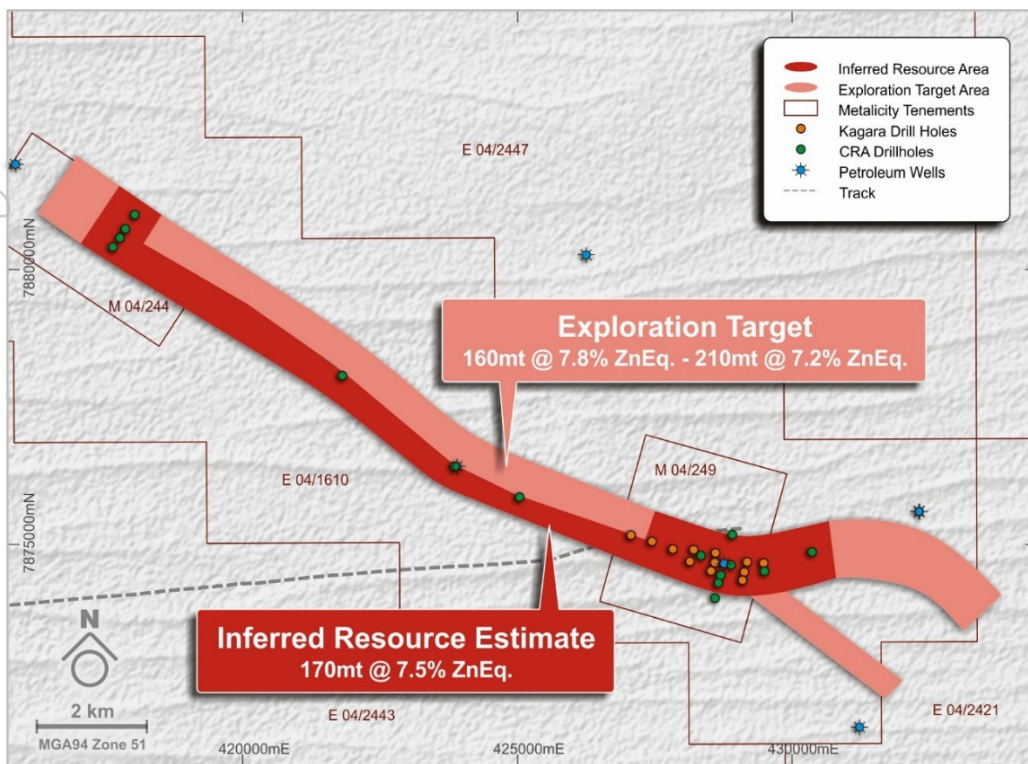
Figure 1: Grade/Tonnage of ASX listed zinc developers (Admiral Bay at 3 different cut-offs)



Source: Metalicity

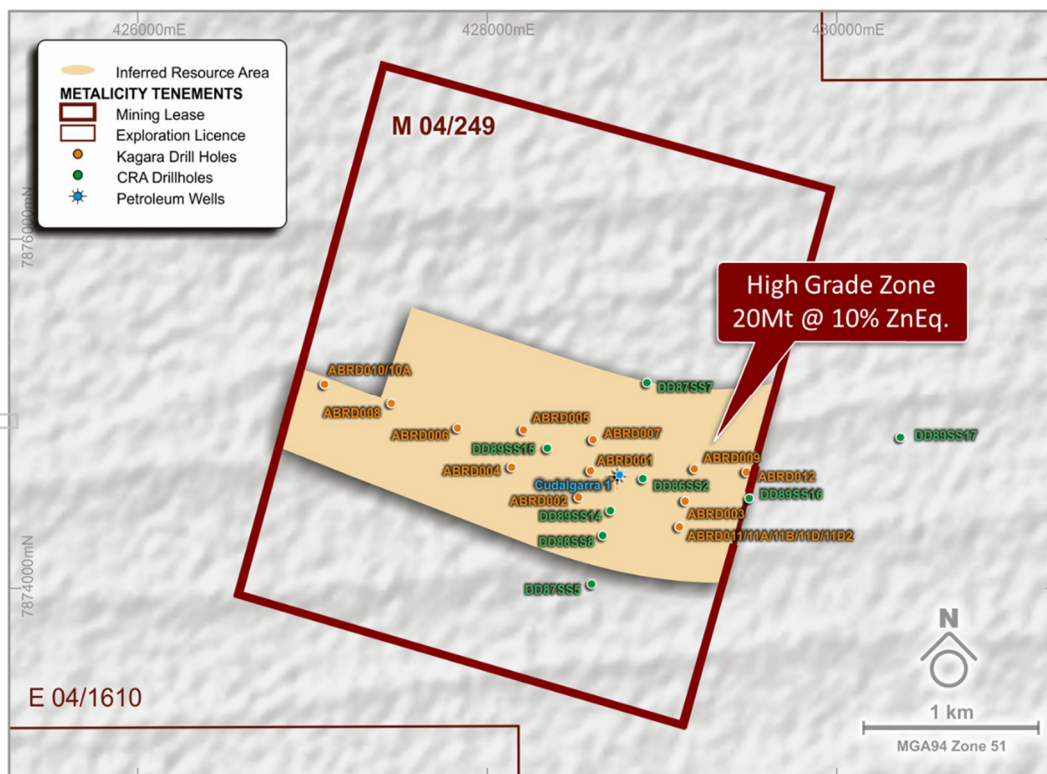
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Figure 2: Admiral Bay Zinc Project MRE and ETR extending over an 18km strike (see ASX:MCT 4/7/2016)



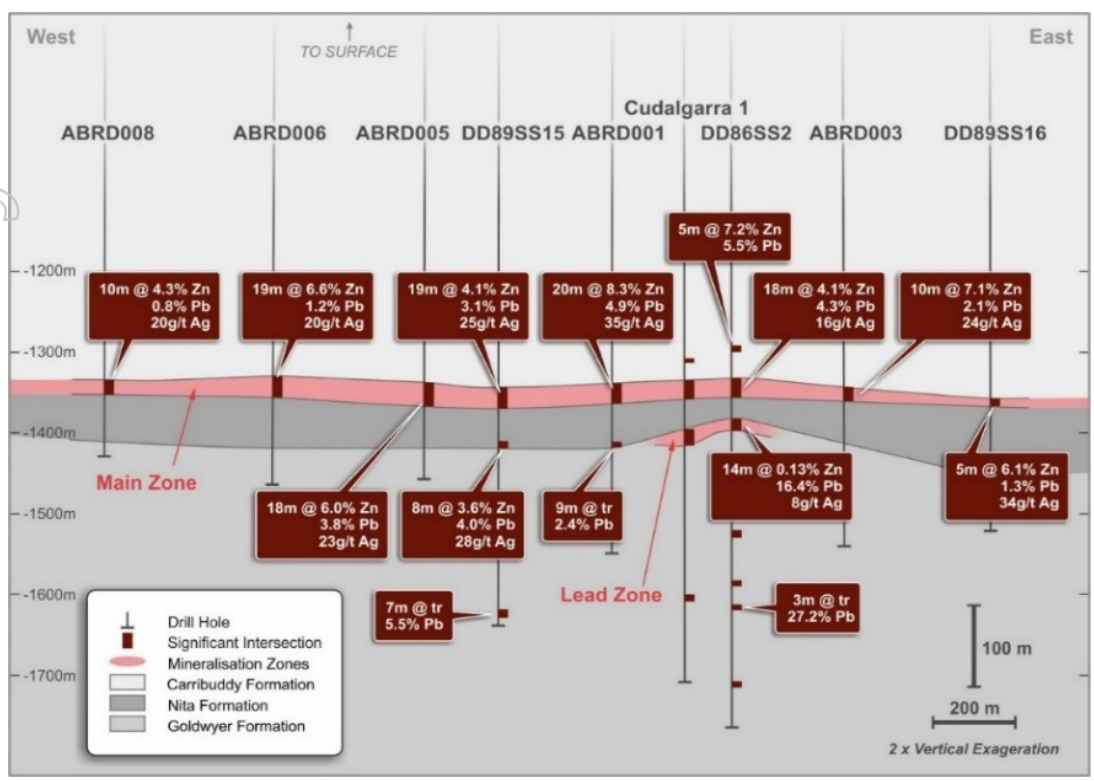
Source: Metalicity

Figure 3: Admiral Bay Zinc Project high grade zone extending over a 2.1km strike



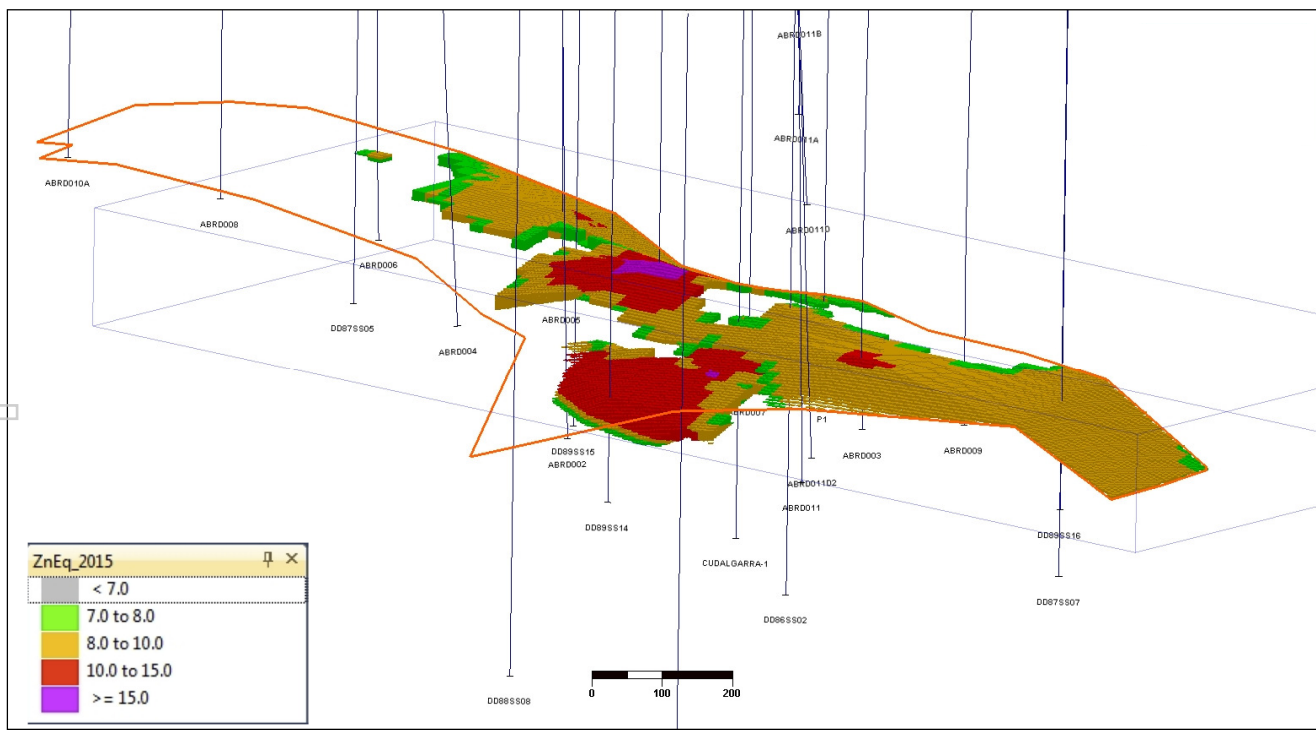
Source: Metalicity

Figure 4: Admiral Bay Zinc Project long section (see ASX:MCT 4/7/2016)



Source: Metalicity

Figure 5: Admiral Bay Zinc Project block model of high grade zone of 20Mt at 10% ZnEq at 7.7% cut-off



Source: Metalicity

ENQUIRIES

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Competent Person Statement

Please refer to ASX:MCT Announcement 10/2/2015 "Higher Grade Resource of 20Mt at 10% ZnEq at Admiral Bay" for Competent Person Statement.