

ASX RELEASE: 31 January 2020

## December 2019 Quarterly Activities Report

### HIGHLIGHTS

- **Two drilling programmes completed at the Kookynie Gold Project:**
  - **Results released in the quarter include:**
    - **Leipold: LPRC0001 - 9 metres @ 7.31 g/t Au from 34 metres**
      - Including 3m @ 7.91 g/t Au from 34 metres & 4m @ 10.4 g/t Au from 39 metres
      - including 1 metre returning 31.2 g/t Au from 40 metres
    - **McTavish: McTRC0002 - 3 metres @ 1.41 g/t Au from 73 metres**
    - **Champion: CPRC0002 - 1 metre @ 1.35 g/t Au from 127 metres**
  - **Results released post quarter end but drilled during the quarter:**
    - **McTavish: McTRC0005 – 5 metres @ 17.9 g/t Au from 48 metres, inc. 1 metre @ 80.17 g/t Au from 51 metres.**
    - **Leipold: LPRC0003 – 6 metres @ 9.4 g/t Au from 26metres, inc. 2metres @ 19g/t Au from 26metres.**
    - **Champion: CPRC0004 – 2 metres @ 25.2 g/t Au from 28 metres to end of hole, inc. 1 metre @ 42 g/t Au from 28 metres**
- **Significant additional tenements acquired at the Kookynie Gold Project:**
  - **During the quarter – an additional 496 hectares of strategic and highly prospective tenements were acquired.**
  - **Post quarter end – an additional 3,300 hectares within the prolific Kookynie-Niagara Trend.**
- **Land holding now doubled at the Kookynie Gold Project to over 7,000 hectares since entering into the Kookynie & Yundamindra Gold Project Farm In agreement.**

### CORPORATE

- **Rights Issue and Share Placement Completed that raised approximately \$270,000**
- **End of quarter cash balance of approximately \$255,000.**
- **All tenement consolidation efforts contribute towards the Farm-In Agreement with Nex Metals (ASX:NME) to spend \$5 million over 5 years for 51%<sup>1</sup>.**

Metalicity Limited (ASX: MCT) (“MCT” or “Company”) is pleased to provide the quarterly activities report for the period ending 30 December 2019, which saw the Company continue to actively explore the Kookynie Gold Project.

<sup>1</sup> Please refer to ASX Announcement “Metalicity Farms Into Prolific Kookynie & Yundamindra Gold Projects, WA” dated 6th May 2019 with Nex Metals Explorations Ltd, ASX:NME.

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Commenting on the quarter, Metalicity managing director Mr Jason Livingstone said:

*“The December quarter has set Metalicity up for a game changing 2020. With every drilling programme performed to date, we have hit the mineralised structure. This coupled with our ability to procure strategic and highly prospective tenements at minimal cost, is demonstrating that we are well advanced in our stated aim to consolidate this gold field and deliver value.”*

*“When Metalicity first entered the farm in arrangement, the deal was for approximately 2,400 hectares of granted tenements. Since entering into that agreement, we had identified a historical impediment to effective exploration and development was the fractured ownership of tenements throughout this area. Having essentially tripled our land holding, we are well poised to explore and deliver value through resource delineation and exploration upside through potential discovery.”*

### Kookynie and Yundamindra Gold Projects

Metalicity has continued to actively develop its Kookynie and Yundamindra Gold Projects, located in the Goldfields district of Western Australia.

The Kookynie Project, which is located approximately 50 km south of Leonora is host to six historic, large-producing historical mines: Champion, McTavish, Leipold, Diamantina, Cosmopolitan and Cumberland.

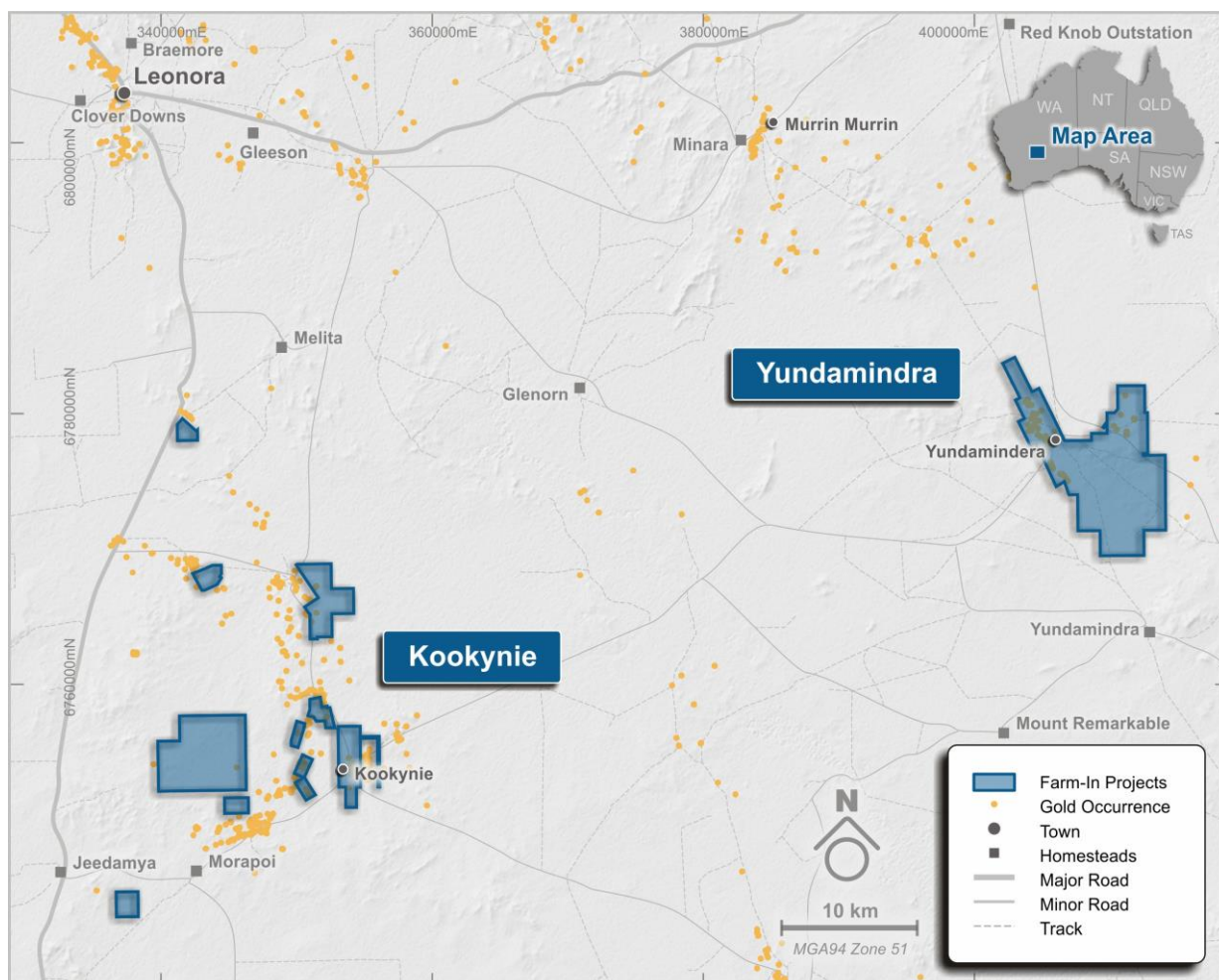


Figure 1 – The Kookynie & Yundamindra Tenement Map

The Company has successfully completed three drilling campaigns at the project to date, which have intersected significant gold mineralisation beyond the boundaries of the historic activities.

The most recent follow-up drilling campaign consisted of three RC drill holes at the Leipold, McTavish and Champion projects (See ASX Announcement dated 2/10/19).

MGA 94 Zone 51 South													
Prospect	Hole ID	Hole Type	Easting	Northing	RL	EOH	Dip	Azi	From (m)	To (m)	Down Hole Width	Grade (Au g/t)	Comments
Leipold	LPRC0001	RC	350,744	6,752,130	420	48	-60	250	34	43	9	7.31	9m @ 7.31 g/t Au from 34m
									34	37	3	7.91	3m @ 7.91 g/t Au from 34
									39	43	3	10.4	3m @ 10.4 g/t Au from 39
									40	41	1	31.2	1m @ 31.2 g/t Au from 40m
McTavish	McTRC0002	RC	350,647	6,754,098	424	84	-60	270	73	76	3	1.41	3m @ 1.41 g/t Au from 73m
Champion	CPRC0002	RC	352,265	6,757,582	416	138	-60	250	127	128	1	1.35	1m @ 1.35 g/t Au from 127m

**Table 1 – Significant Drill Hole Intercepts**

At Leipold the Company intersected the mineralised structure but also confirmed the high-grade nature of the prospect, with a broad intercept of 9 metres @ 7.31 g/t Au from 34 metres. This intercept included a very high-grade metre at 31.2 g/t Au from 40 metres down hole. The very shallow nature of these results also highlights the possibility of open pit mining options.

The Company completed a single RC drill hole at the McTavish prospect to a depth of 84 metres, down dip from historical exploration and along strike from Metalicity's maiden intercept. Drilling at McTavish returned 4 metres @ 6.4 g/t Au from a depth of 67 metres, as well as also intersecting the mineralised structure.

A single 138-metre-deep RC hole has also targeted down plunge mineralisation at the Champion prospect. The drill hole encountered the structure as well as quartz veining with significant pyrite, chalcopyrite and pyrrhotite sulphide mineralogy. Results from Champion returned 1 metre @ 1.35 g/t Au from 127 metres.

The results complement the maiden drilling campaign, which was also completed during the period, with the exploration programme consisting of three holes into the Diamantina-Cosmopolitan-Cumberland trend (DCC trend) and a single hole into McTavish and Champion (See ASX Announcement dated 31/07/19).

The initial drilling campaign has also demonstrated the extension of the mineralised structure and the existence of gold mineralisation across the various prospects.

Results from this programme included 2 metres @ 22.1 g/t Au from 76 metres at Cosmopolitan, 4 metres @ 6.4 g/t Au from 67 metres at McTavish and 2 metres @ 1.4 g/t Au from 72 metres at Cumberland

The table below summarises significant intercepts returned from all programmes to date:

MGA 94 Zone 51 South																
Prospect	Hole ID	Tenement	Hole Type	Easting	Northing	RL	EOH	Dip	Azi	From (m)	To (m)	Down Hole Width (m)	Grade (Au g/t)	Comments		
Leipold	LPRC0001	M40/22	RC	350,744	6,752,130	420	48	-60	250	34	43	9	7.31	9m @ 7.31 g/t Au from 34m		
								including		34	37	3	7.91	inc. 3m @ 7.91 g/t Au from 34m		
								including		39	43	3	10.4	inc. 3m @ 10.4 g/t Au from 39m		
								including		40	41	1	31.2	inc. 1m @ 31.2 g/t Au from 40m		
	LPRC0002		RC	350,760	6,752,040	431	42	-60	250	18	22	4	7.1	4m @ 7.1 g/t Au from 18m		
								including		19	21	2	10.8	inc. 2m @ 10.8 g/t Au from 19m		
	LPRC0003		RC	350,766	6,752,030	431	42	-60	250	26	29	3	3.4	3m @ 3.4 g/t Au from 26m		
								including		26	28	2	19	inc. 2m @ 19 g/t Au from 26m		
	LPRC0004		RC	350,785	6,752,027	431	60	-60	250	38	46	8	3.2	8m @ 3.2 g/t Au from 38m		
								including		38	41	3	6.3	inc. 3m @ 6.3 g/t Au from 38m		
	McTavish		McTRC0001	M40/77	RC	350,647	6,754,118	423	112	-60	270	67	71	4	6.4	4m @ 6.4 g/t Au from 67m
			McTRC0002			350,647	6,754,098	424	84	-60	270	73	76	3	1.41	3m @ 1.41 g/t Au from 73m
McTRC0003		RC	350,576		6,754,153	423	30	-60	270	14	15	1	1.9	1m @ 1.9 g/t Au from 14m		
McTRC0004		RC	350,596		6,754,153	423	48	-60	270	33	35	2	2.2	2m @ 2.2 g/t Au from 33m		
McTRC0005		RC	350,618		6,754,083	424	66	-60	270	48	53	5	17.9	5m @ 17.9 g/t Au from 48m		
								including		51	52	1	80.17	inc. 1m @ 80.17 g/t Au from 51m		
Champion	CPRC0001	M40/27	RC	352,224	6,757,503	417	112	-60	270	Stope fill intersected - structure present but mined out.						
	CPRC0002			352,265	6,757,582	416	138	-60	250	127	128	1	1.35	1m @ 1.35 g/t Au from 127m		
	CPRC0003		RC	352,158	6,757,586	417	48	-60	270	31	33	2	1.8	2m @ 1.8 g/t Au from 31m		
	CPRC0004		RC	352,149	6,757,566	417	30	-60	270	28	30	2	25.2	2m @ 25.2 g/t Au from 28m to EOH		
								including		28	29	1	42.04	inc. 1m @ 42.04 g/t Au from 28m		
	CPRC0005		RC	352,167	6,757,631	417	42	-60	270	16	17	1	1.3	1m @ 1.3 g/t Au from 16m		
	CPRC0006		RC	352,167	6,757,649	417	54	-60	270	39	40	1	2.1	1m @ 2.1 g/t Au from 39m		
Assays Pending																
DCC Trend	CDRCDD0001	M40/61	RC/DD Tail	354,377	6,753,209	427	186	-60	270	167	168	0.72	3.1	0.72m @ 3.1 g/t Au from 167m		
										173.1	173	0.21	8.8	0.21m @ 8.8 g/t Au from 173.07m		
										174.9	176	1.15	1.5	1.15m @ 1.5 g/t Au from 174.85m		
	CLRC0001	M40/61	RC	354,153	6,754,058	429	136	-60	270	72	74	2	1.4	2m @ 1.4 g/t Au from 72m		
	CDDD0001	E40/332	DD	354728	6753398	432	530	-60	270	Structure diluted by Proterozoic Dolerite Dyke						
CDRC0001	M40/61	RC	354284	6753513	430	148	-60	270	76	78	2	22.1	2m @ 22.1 g/t Au from 76m			

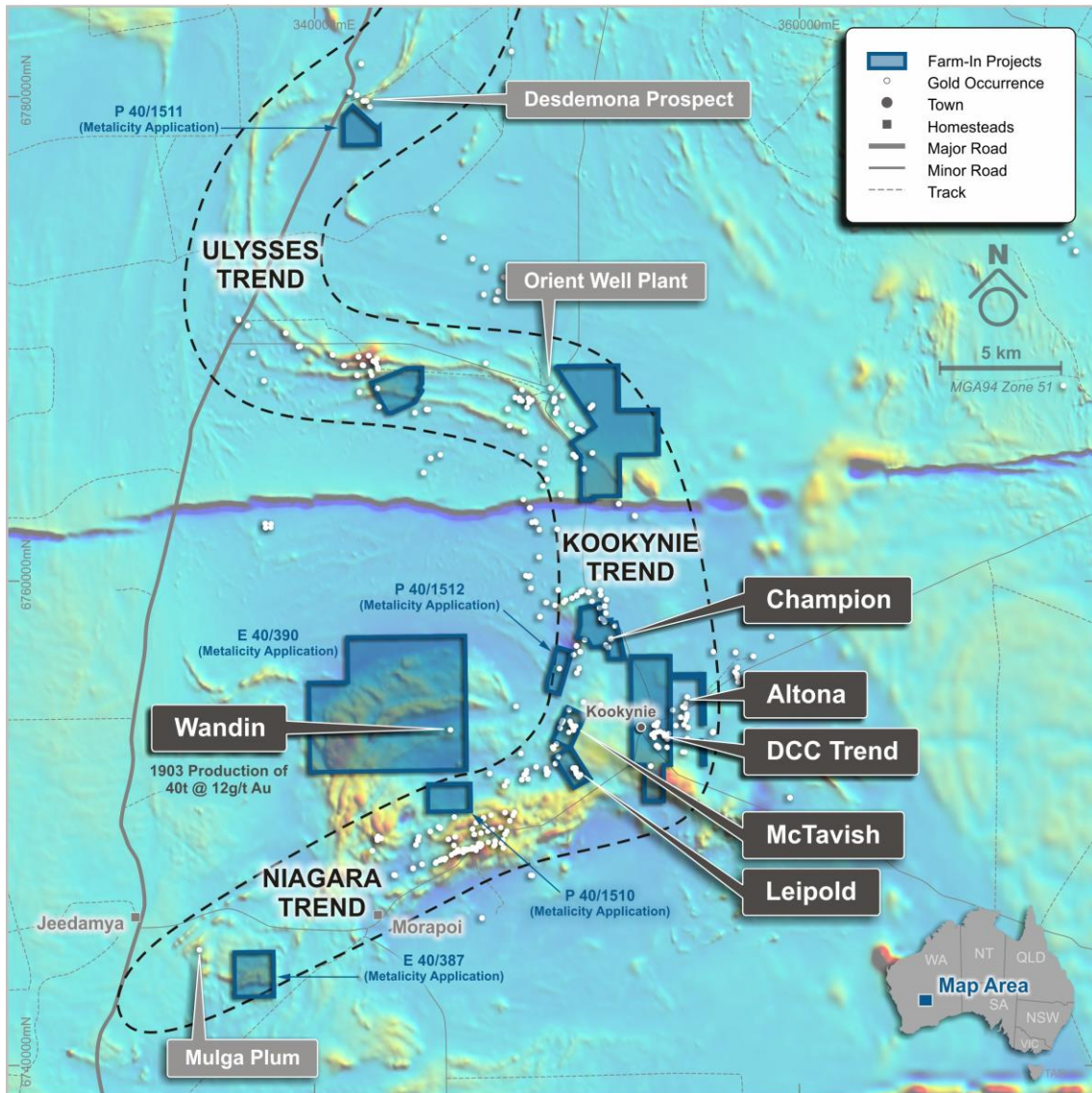
**Table 2 – All Drill Hole Intercepts to date**

Throughout the period, Metalicity also continued to expand its tenure at the Kookynie and Yundamindra Projects, making efforts to consolidate its landholdings in an area which has historically been characterised by fractured ownership.

Importantly, all of funds used through its acquisition and farm-in activities at Kookynie and Yundamindra will be included and contribute towards Metalicity's arrangement with NEX Metals to spend \$5 million to earn 51% ownership of the projects.

At Kookynie, the Company has outright acquired the exploration license E40/390 which is immediately west of the lease hosting the main Kookynie Project area, see Figure 2.





**Figure 2 – Kookynie Area Tenement Map**

Through our monitoring of competitor activity within the Kookynie area, we identified that this area was due for renewal. This ground was not renewed and therefore we subsequently used the Department of Mines, Industry Regulation and Safety tenement application process to acquire this ground. The exploration license is host to a historical production site named “Wandin”, that during 1903, produced 40 tonnes at an average head grade of 12 g/t Au (reference MINEDEX –

<https://minedex.dmirs.wa.gov.au/Web/sites/details/36B9915A-1818-49C0-AFC0-A04A3DCD52A3>)

The setting of this tenement application highlights that it hosts the strike extents of Ardea Resources ‘Mulga Plum’ Prospect coupled with the structural complexity illustrated by the regional geophysics in the area. With the acquisition of this strategic and highly prospective tenure, the Company has significantly increased its presence within the region and now commands a prominent land holding. The regional geophysics illustrate similar signatures to the prolific and well-endowed Niagara Trend which is host to significant gold mineralisation.

To date, all of Metalicity's acquisitions and tenement pegging activities contribute towards the \$5 million required to earn 51% of the original farm-in agreement with Nex Metals (please refer to ASX Announcement "Metalicity Farms Into Prolific Kookynie & Yundamindra Gold Projects, WA" dated 6th May 2019).

## Regional Projects

During the quarter, the Mandora, Desert Queen and the Pandora Projects were relinquished. After marketing the Projects to potential joint venture/farm-in partners, the feedback received and lack of interest in these two Projects led Metalicity to relinquish and see a rental reimbursement.

Warburton and North Fraser Range were progressed through to grant and executing a native title agreement to allow access is ongoing. However, Metalicity is experiencing significant delays due to this process and post quarter end, Metalicity will be relinquishing these Projects.

The relinquishment of the Projects allows Metalicity to solely focus on the Kookynie Gold Project whereby the Company can concentrate its efforts to maximising the value in this prolific and well-endowed gold Project.

## Kimberley Mining Limited – Admiral Bay

As announced on the 21 November 2019 (please refer to ASX Announcement titled "*Kimberley Mining Update*"), Kimberley Mining Limited (KML) decided to not pursue the TSX-V IPO. This was the advice given and with the backdrop of 13 mining related IPO's performed within the Canadian Capital Markets which collectively raised circa CAD\$8 million. With our assistance, KML has reduced all its costs and the Project is on "care and maintenance".

However, the main Exploration License, E04/1610 was granted a two-year extension in September 2019. This, with Metalicity highlighting fundamental positives within the Project through increased prospectivity of higher grading domains, we are exploring options value maximising options and continue to monitor the Canadian market, along with other markets, to ensure that value is created for Metalicity and KML shareholders alike.

We will keep the market abreast of any developments through our efforts to monetise this asset.

## Financial

During the period Metalicity announced a share placement and a 1-for-4 non-renounceable Rights Issue to raise a total of circa \$1.1 million before costs. The primary focus of the offer, if fully subscribed, is to fund a large programme of (predominately) reverse circulation (RC) and diamond drilling (DD), at the Kookynie Project to confirm and extend zones of known mineralisation at the defined Cosmopolitan, Diamantina, Cumberland, Champion, McTavish and Leipold prospects.

Assuming the rights issue is fully subscribed and after completion of the placement, a total of 156,105,619 shares and 31,221,124 new options will be issued.

Eligible shareholders will be given the opportunity to apply for additional securities in excess of their entitlement, which shall be allocated at the absolute discretion of the board.

Cash balance at the end of the quarter was approximately \$263,000, with the most significant costs incurred during the quarter relating to exploration with 76% of expenditure falling into this category

## Corporate

On the 4<sup>th</sup> October 2019, we announced a placement to a sophisticated investor took place for \$203,063 @ an issue price of \$0.006. The approach and rationale for the investment was an endorsement not only for the Kookynie Gold Project, but also how we were operating and exploring this tenure.

Furthermore, Metalicity closed the rights issue having issued 25,867,569 shares to existing shareholders that raised approximately \$270,000.

Quarter end cash balance stood at \$255,000.

### ENQUIRIES

#### Investors

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#### Competent Persons Statement

For relevant Competent Person Statements, please refer to the announcement referenced.

#### Forward Looking Statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward-looking statements:

(a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

(b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such risks include, without limitation, resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which the Company operates or supplies or sells product to, and governmental regulation and judicial outcomes; and

(c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward-looking statements.

All forward-looking statements contained in this presentation are qualified by the foregoing cautionary statements. Recipients are cautioned that forward-looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether as a result of new information, future events or results or otherwise.