

ASX Code: MCT
30 March 2016

High Lithium Assays and Spodumene at Pilgangoora South

- **Assays from samples at Stannum return up to 2.45% Li₂O from outcropping pegmatites.**
- **Limited rock chip samples taken at L1 & L2 from only 1km of the 5km target area.**
- **Minerals observed in the field include the presence of spodumene at Stannum.**
- **HyMap hyperspectral survey data identifies further targets prospective for spodumene.**
- **Field work being organised to focus on possible spodumene bearing pegmatites.**
- **Grant of the tenements and drill testing of targets is planned for Q3, 2016.**

Metalicity Limited (**ASX:MCT**) (“**MCT**” or “**Company**”) is pleased to announce assays from first pass field work, including geological mapping and sampling, at the Stannum tenement (E45/4677) which have returned high grade assays of up to 2.45% Li₂O, while recent hyperspectral data processing and interpretation has identified new targets prospective for spodumene at Stannum, which forms part of the Company’s Pilgangoora South Lithium Project, Pilbara Region, WA (Figure 1).

The Pilgangoora South Project applications (E45/4675, E45/4676 and E45/4677) are located within 5km of the Pilgangoora Lithium Deposit of Pilbara Minerals Limited where the world’s 2nd largest deposit of spodumene (hard rock lithium) is being developed, and adjacent to Wodgina operations of Global Advanced Metals, which hosts one of the world’s largest resources of tantalum.

A total of sixteen rock chip samples were collected from the L1 and L2 prospects at Stannum (Figure 2). Samples were assayed by Bureau Veritas laboratories in Perth, using sodium peroxide fusion and Inductively Coupled Plasma (ICP) Optical Emission Spectrometry (OES)/ Mass Spectrometry (MS). A coarse crushed portion of each sample was retained for mineralogical studies.

Results confirmed the presence of lithium bearing rare metal pegmatites at the prospects, with Li₂O results up to 24,544 ppm (2.45%) and Ta₂O₅ results up to 200 ppm (Table 1). The lithium minerals observed in the field included both spodumene and lepidolite.

Additionally, Mineral Spectra Mapping Pty Ltd was commissioned to undertake processing of Hyperspectral data for Stannum, flown by Talison Minerals in 2006 by HyVista Corporation. The original processing of the data was to identify pegmatites, which has been confirmed, but not to discriminate between spodumene and other minerals present within the pegmatites.

The processing of this data indicates distinct mineral zoning within the pegmatites and that spodumene may be one of these minerals. Significant areas of possible spodumene have been mapped using this data, and correlate well with pegmatites identified through aerial photo interpretation and mapping (Figure 3), over a strike of approximately 5km within Stannum.

Managing Director Matt Gauci Commented:

“Confirmation of high lithium assays, observed spodumene from only 1km of the 5km target area and geophysical data re-processing to map spodumene has elevated Stannum as one of the most prospective new area’s for an economic lithium discovery in the world class Pilgangoora District.”

A further round of rock chip sampling and mapping is being organised at Stannum, which will entail a more comprehensive work program over several days along the 5km target zone. The next round of sampling and mapping will again involve helicopter support to accelerate the work program and provide close up aerial assessment. The focus of this work will be to confirm additional target areas for a maiden drilling program at Stannum, which is currently planned for the third Quarter of 2016.

The Company's initial exploration programs in these new project areas are sufficiently funded with the company's existing cash in bank, and the Company continues to hold discussions with a wide range of potential partners from the company's recent meetings with the China Battery Association and its members in both Shanghai and Beijing.

Figure 1. Location of Metalicity Limited's Lithium Projects, WA.

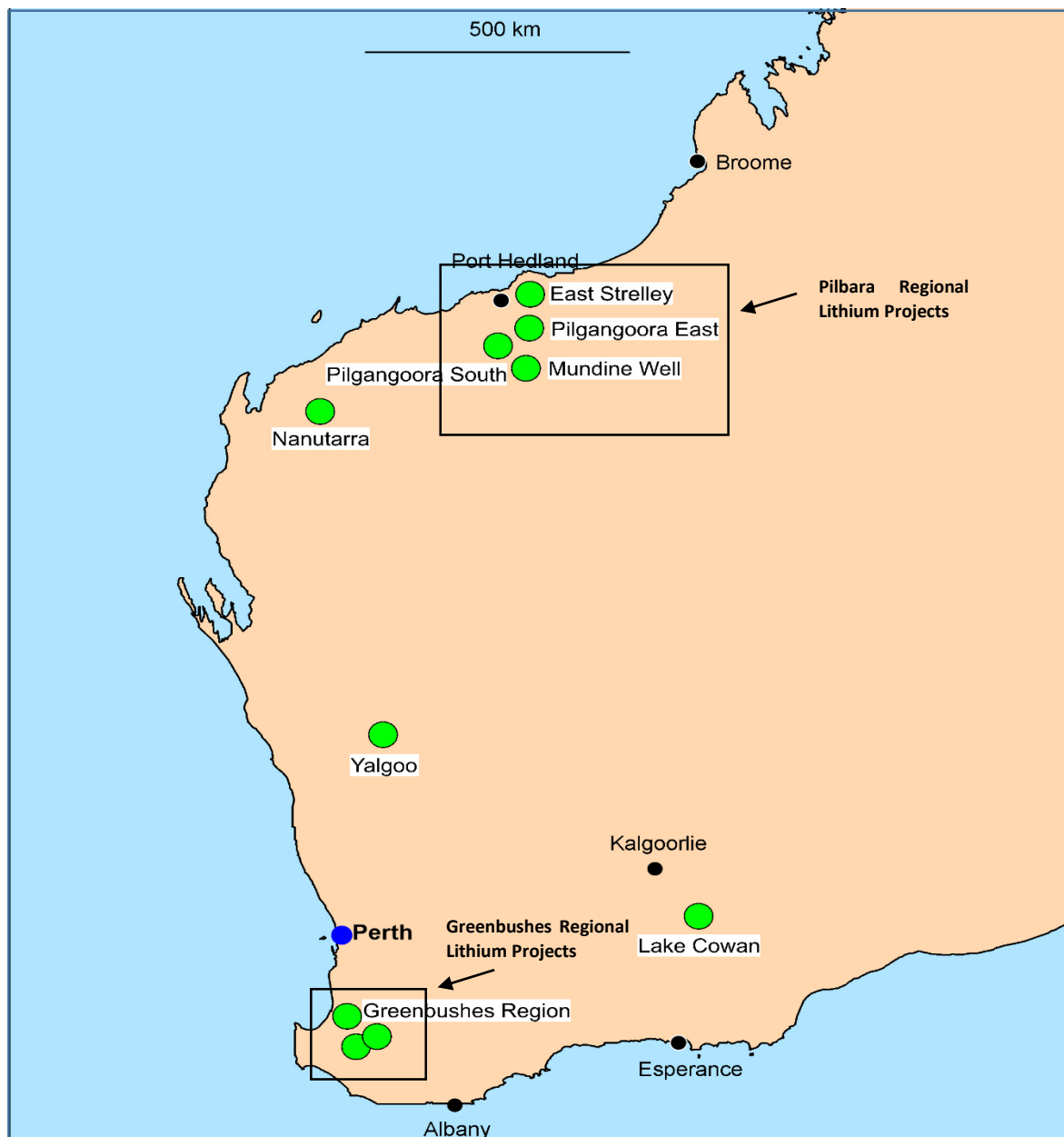


Figure 2. Stannum Sampling Locations on Regional Geology and Outcropping Pegmatites

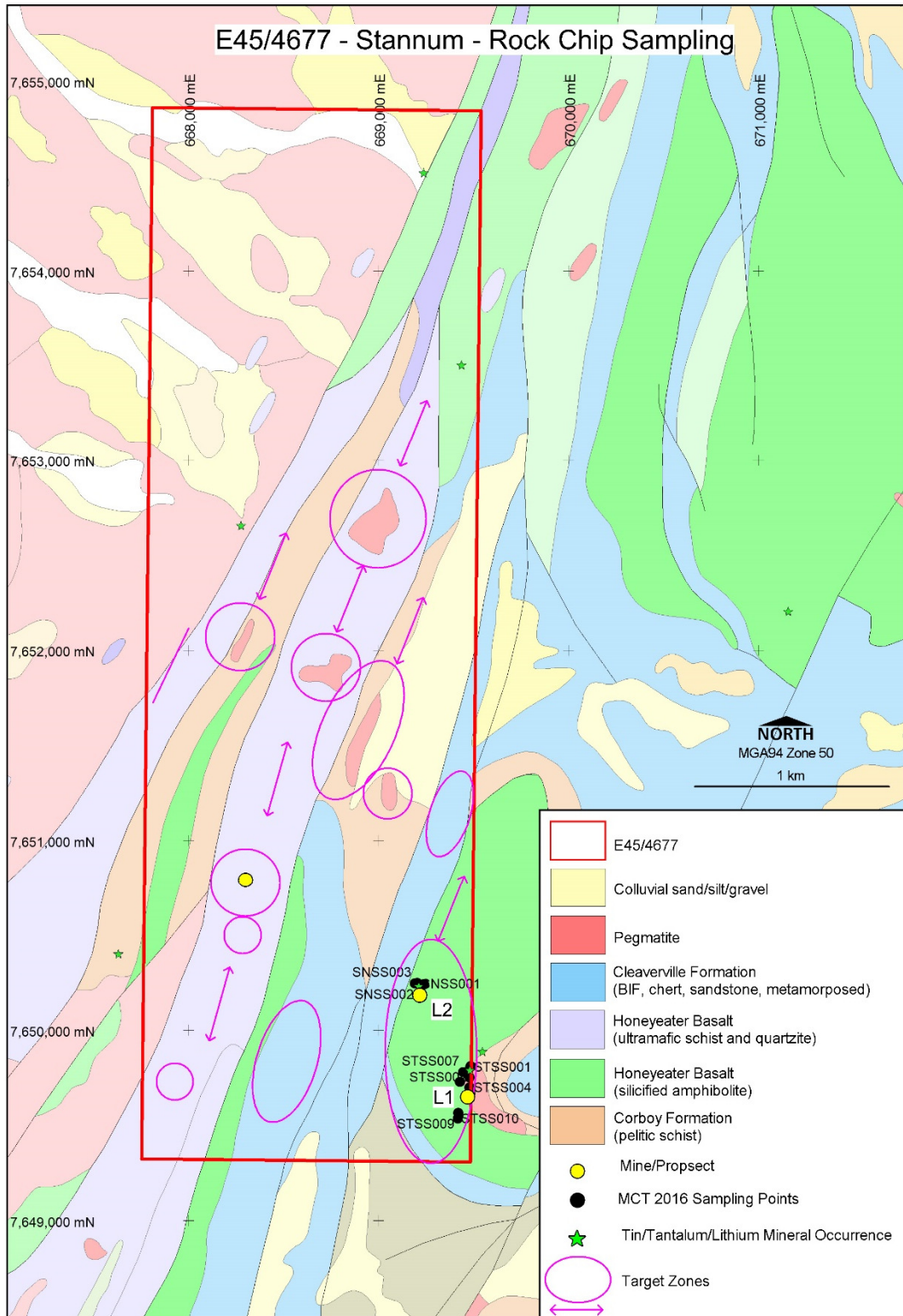


Figure 3. Hyperspectral Mineral Map (Outcropping Spodumene in Red)

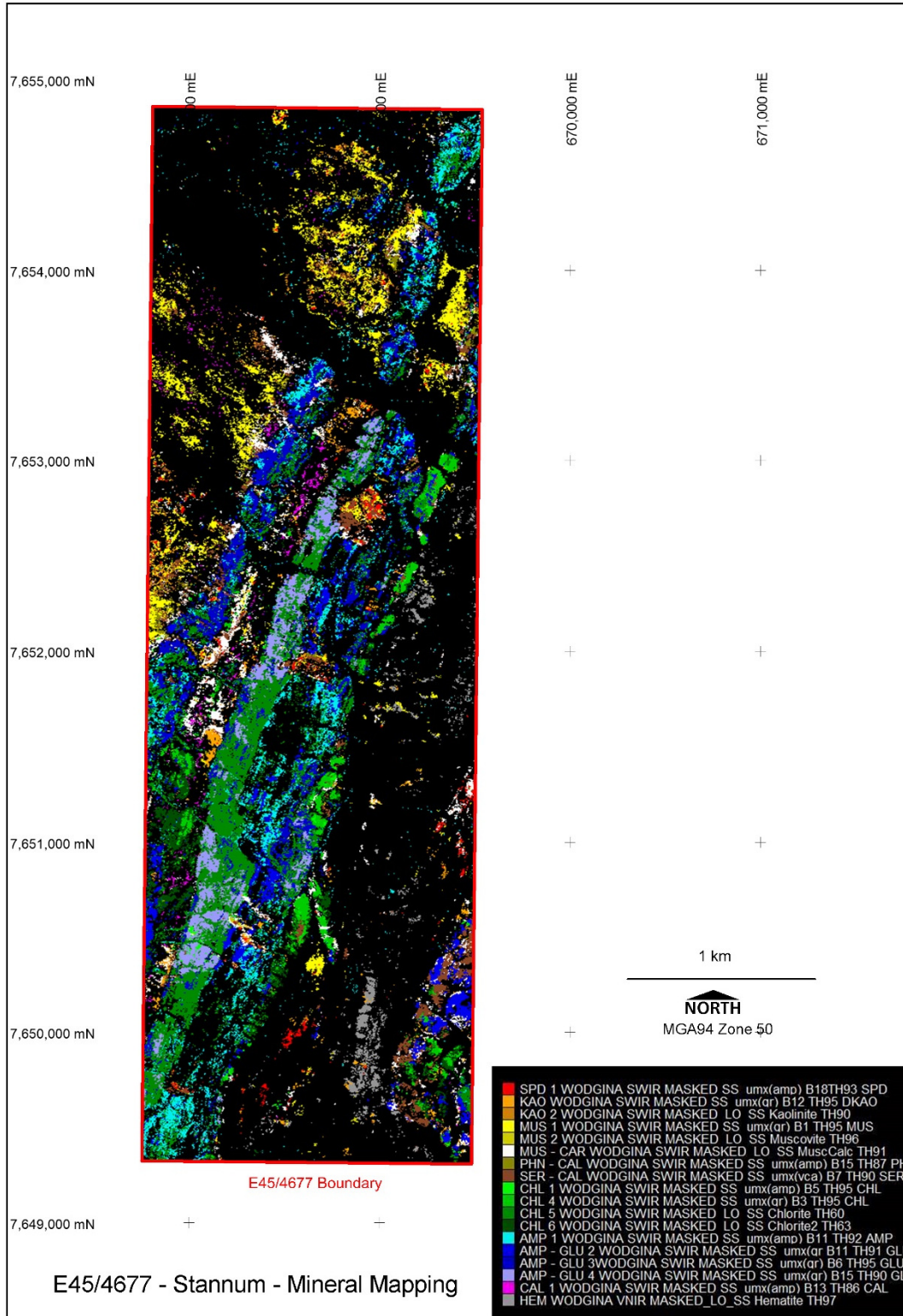


Table 1. Stannum Lithium/Tin/Tantalum Results

Sample	MGA94 Easting (m)	MGA94 Northing (m)	Li2O (ppm)	Ta2O5 (ppm)	Sn (ppm)
STSS001	669,484.58	7,649,809.82	3832	33	60
STSS002	669,487.33	7,649,815.11	205	1	40
STSS003	669,481.42	7,649,755.61	28	-1	20
STSS004	669,485.01	7,649,700.76	24	-1	20
STSS005	669,480.15	7,649,702.59	22	-1	-20
STSS006	669,485.91	7,649,669.73	45	-1	-20
STSS007	669,446.94	7,649,782.87	24544	127	480
STSS008	669,429.89	7,649,730.78	43	156	40
STSS009	669,421.16	7,649,568.66	7492	73	80
STSS010	669,419.29	7,649,538.24	75	9	60
SNSS001	669,208.10	7,650,246.27	265	20	180
SNSS002	669,205.22	7,650,249.50	235	-1	40
SNSS003	669,193.59	7,650,249.08	299	65	360
SNSS004	669,242.00	7,650,244.00	105	148	1600
SNSS005	669,240.00	7,650,243.00	138	72	600
SNSS006	669,240.00	7,650,244.00	67	200	300

FOR MORE INFORMATION:

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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 scoping study on Admiral Bay due to be completed by March 2016. The Company's secondary focus is the rare metals sector with the recent addition of the Pilgangoora South Lithium Project and the Munglinup North Graphite Project where early stage exploration has commenced. The Company is supported by a management team with 200+ years collective experience in the resources sector.

Competent Person Statement

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The Information contained in this announcement has been presented in accordance with the JORC Code and references to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code.

Information in this report relating to Exploration results is based on information compiled by Mr Brendan Borg who is a Member of the Australasian Institute of Mining and Metallurgy and a Principal Consultant with Borg Geoscience Pty Ltd. Mr Borg has sufficient experience which is 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 Borg consents to the inclusion of the data in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> At each sampling location, approximately 3 kg of rock was collected using a hammer from outcrop. Samples were intended to characterise the pegmatites by sampling a variety of the rock types present.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> Not Applicable – Rock Chip Sampling
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not Applicable – Rock Chip Sampling
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> A basic geological description was completed for each sample.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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 technique. Quality control procedures adopted for all sub-sampling stages to maximise 	<ul style="list-style-type: none"> No sub-sampling was conducted on the samples.

Criteria	JORC Code explanation	Commentary
	<p><i>representivity of samples.</i></p> <ul style="list-style-type: none"> 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. 	
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Samples were assayed by Bureau Veritas laboratory in Perth by sodium peroxide fusion and ICP – OES/MS. Sample results for lithium (Li) have been converted to Li₂O using a multiplication factor of 2.153, and results for tantalum (Ta) have been converted to Ta₂O₅ using a multiplication factor of 1.2211, as per industry standard reporting convention.
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No previous lithium assays are available for the tenement, other than one historical sample from a non-specific location from the Stannum Prospect, located on the tenement.
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Sampling points were surveyed using a Trimble Nomad 900G Series GPS with a real time accuracy of 2-5m
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Sampling points were not on any specified grid spacing. Rather, the limited sampling was intended to characterise a variety of the rock types present, within the constraints of sample weight limits applicable to the tenement prior to grant.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not known at this stage. Sampling to date has only included a small proportion of the outcropping pegmatites present on the tenement.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples were collected and delivered to the transport company (Toll) by the Competent Person.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Audits and reviews were not undertaken.

Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Samples referred to in the announcement were collected from tenement application E45/4677 (Stannum) The projects are located on a variety of Crown Land types including Pastoral Leases and Crown Reserves. Native Title Agreements have been signed for the tenements as part of the grant process.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Refer to previous announcements by Metalicity Limited.
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Company is seeking rare metal pegmatites in the areas, derived from fertile granites that have intruded greenstone belts, similar to the geological setting of the Pilgangoora and Wodgina rare metal pegmatites, that host lithium and tantalum deposits.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar 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. 	<ul style="list-style-type: none"> Not Applicable – Rock Chip Sampling Not Applicable – Rock Chip Sampling
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not Applicable – Rock Chip Sampling Not Applicable – Rock Chip Sampling Not Applicable – Rock Chip Sampling
<i>Relationship between mineralisation</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not Applicable – Rock Chip Sampling Not Applicable – Rock Chip Sampling

Criteria	JORC Code explanation	Commentary
<i>widths and intercept lengths</i>	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> Not Applicable – Rock Chip Sampling
<i>Diagrams</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Sections are not appropriate for the nature of the sampling being reported. Refer to main announcement for map and table of sample locations and assay results.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Major elements of interest have been reported for all samples at Stannum.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not Applicable
<i>Further work</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Work to assess the mineralogy of the samples, and to confirm field observations, is planned.