



ASX RELEASE: 2 October 2023

Correction – Metalicity Moves to an 80% Interest in Kookynie and Yundamindra JV

Metalicity Limited (ASX: MCT) (“**Metalicity**” or “the **Company**”) refers to its announcement dated 29 September 2023 titled “Metalicity Moves to an 80% Interest in Kookynie and Yundamindra JV” (**Announcement**). The Company advises that the significant intercepts from the Prospects within the Yundamindra Gold Project reported in the Announcement were originally reported in the ASX announcement titled “Metalicity Farms into Prolific, Kookynie & Yundamindra Gold Project, WA”, dated 6 May 2019.

No further amendments have been made to the announcement which is attached in full to this release.

This Announcement is approved by the Board of Metalicity Limited.

ENQUIRIES

Justin Barton
Managing Director
+61 8 6500 0202
jbarton@metalicity.com.au

Metalicity Moves to an 80% Interest in Kookynie and Yundamindra JV

Metalicity Limited (ASX:MCT) (“MCT”) is pleased to announce that it has executed a terms sheet (“Terms Sheet”) with Nex Metals Exploration Ltd (“NME”) regarding the Kookynie and Yundamindra Joint Venture (“JV”) and the settlement of all disputes between the parties (“Disputes”).

On completion of the matters set out in the Term Sheet, MCT will hold an 80% interest in the JV (currently 51%) with NME retaining the remaining 20%, with both parties to contribute to future expenditure in accordance with their respective interests (or be diluted), and NME will acquire 100% of certain none-core prospecting licences along with the tailing rights under formal terms. MCT will remain the manager of the JV.

In respect of the Disputes, it has been agreed that on completion of the matters set out in the Terms Sheet, MCT and NME:

- (a) agree and acknowledge that any claim that they may have against the other party (and their related parties) in relation to the Disputes will have been settled in full; and
- (b) unconditionally and irrevocably releases and discharges the other party (and their related parties) from all future obligations and claims under, in relation to or in connection with the Disputes.

Commenting on the terms sheet, Metalicity Managing Director Justin Barton said:

“This is a positive step forward for both parties, and it will enable Metalicity to accelerate the development of the highly prospective and high grade Kookynie and Yundamindra projects, and importantly it allows both parties to move on and focus on their own business activities, now that the litigation has been settled.”

Terms Sheet

Under the Terms Sheet, in consideration for:

- (a) the parties settling all disputes relating to the JV, the Supreme Court action CIV 1582 of 2022 and all other matters in dispute between the parties;
- (b) MCT cancelling 100% of the fully paid ordinary shares that MCT owns in NME (~91m) and forgiving all outstanding cash calls owed by NME under the JV; and
- (c) NME forgiving all legal costs owed to it by MCT under all actions between MCT (its subsidiaries), NME and other third parties as at the date of completion of the settlement,

MCT has agreed to:

- (a) acquire and NME has agreed to transfer to MCT a 29% interest in the JV; and
- (b) sell and transfer to NME its interest in Prospecting Licences P40/1500, P40/1510, P40/1511 and P40/1499 (to the extent they are not already 100% held by NME); and in the tailings materials located within the stockpiles at the Kookynie tenements.

The Terms Sheet is conditional on the following matters:

- (a) Approvals: each of NME and MCT having obtained all authorisations of any governmental or administrative agency or commission, which are necessary to implement the transactions contemplated by the Terms Sheet and the Formal Agreement;
- (b) Formal Agreement: NME and MCT entering into a formal agreement to more specifically detail the matters agreed and set out in the Terms Sheet;
- (c) Share Cancellation: NME obtaining shareholder approval for and MCT cancelling 100% of the fully paid ordinary shares that MCT owns in NME;
- (d) Amendment of JV Agreement: the parties amending the JV Agreement, including for, but not limited to, the following matters:
 - (i) the Joint Venture Commencement Date being confirmed as 20 May 2021;
 - (ii) first rights of refusal to be given to each party for any proposed disposal, forfeit or relinquishment of any JV interest;
 - (iii) the dilution clause being amended to reflect an industry standard dilution clause; and
 - (iv) removing the area of influence clause in its entirety; and
- (e) Tailings Agreement: the parties entering into a tailings agreement which provides for NME to have unfettered access to the tailings, including the right to treat and process the tailings and be liable for environmental and rehabilitation obligations in respect of the tailings, for MCT to retain the priority right to explore the area where the tailings are located as reasonably required and upon giving NME 2 months' notice of its intention to explore or, if appropriate, for NME at its election to remove the tailings to a new location to be agreed, with all parties acting reasonably.

Kookynie and Yundamindra JV

The Kookynie Gold Project is located ~180km north of the town of Kalgoorlie and presents an opportunity to develop a high-grade gold resource based off historical exploration and recent drilling within the area. The Kookynie Project hosts the historical mining centres of Diamantina-Cosmopolitan-Cumberland (DCC Trend), as well as McTavish, Leipold, Champion and Altona. Each of the historical mining operations were highly successful, with the Cosmopolitan gold mine producing 360,000 ounces of gold from discovery from 1985 to 1922¹.

Drilling and exploration activities undertaken by the Joint Venture over the past 4 years, focused around McTavish and Leipold, have further enhanced the prospectivity of the Kookynie project, with the projects all remaining open in one or more directions and spectacular intercepts from drilling, including²:

- McTavish – 5m @ 25.9 g/t Au from 28m in McTRC0049
- McTavish – 6m @ 20.6 g/t Au from 19m in McTRC0064
- McTavish – 3m @ 19.1 g/t Au from 88m in McTRC0044
- Leipold – 2m @ 4.7 g/t Au from 65m in LPRC0122
- Leipold – 4m @ 3.4 g/t Au from 127m in LPRC0112
- Champion – 12m @ 2.04 g/t Au from 95m in CPRC0023

The Yundamindra Gold Project hosts high grade historical production of 74kt @ 19.3g/t Au for 45,000 ounces, Significant intercepts from the Prospects within the Project include³:

- Pennyweight Point – 8m @56.36 g/t Au from 44m in PV095
- Golden Treasure North – 1m @ 48.1 g/t Au from 12m in TDN18
- Queen of May – 2m @39.49 g/t AU from 31m in QMN5
- Landed at Last – 2m @ 23.29 g/t Au from 30m in LN11; and
- *Bound to Rise – 2m @ 7.21 g/t AU from 30m in HC007.*

Yundamindra tenure currently remains under plaintiff, whilst the JV awaits the findings of the Warden's Court plaintiff hearing, which concluded on July 10.

¹ Cautionary Statement Relating to Cosmopolitan Historical Production Data

The Production details for the Cosmopolitan Mine are referenced from publicly available data sources. The source and date of the production data reported has been referenced in the body of this announcement where production data has been reported. The historical production data have not been reported in accordance with the JORC Code 2012. A Competent Person has not done sufficient work to disclose the historical production data in accordance with the JORC Code 2012. It is possible that following further evaluation and/or exploration work that the confidence in the prior reported production data may be reduced when reported under the JORC Code 2012. Nothing has come to the attention of the operator that causes it to question the accuracy or reliability of the historical production data; An assessment of the additional exploration or evaluation work that is required to report the data in accordance with JORC Code 2012 will be undertaken as part of the Company's development plan.

2 Please refer ASX announcement "Bonanza Gold Intersections at Kookynie Gold Project" dated 8 July 2021, ASX announcement "New Gold Assays Extend Mineralisation to 1km at Leipold" dated 2 July 2021 and ASX announcement "Strong Gold Results Continue at Kookynie Gold Project" dated 15 July 2021.

3 Please refer to ASX Announcement "Metalicity Farms into Prolific, Kookynie & Yundamindra Gold Project, WA" dated 6 May 2019.

The information in this announcement that relates prior exploration results has been sourced from previous announcements as referenced. The Company confirms it is not aware of any new information or data that materially affects the information contained in the relevant market announcements.

ENQUIRIES

Investors - MCT

Justin Barton
Managing Director
+61 8 6500 0202
jbarton@metalicity.com.au

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.