ASX RELEASE: 14 NOVEMBER 2017

SIGNIFICANT COBALT INTERSECTIONS AT KYARRA PROJECT

- Significant cobalt intersections from 1,800m RC drilling program continue to support the Company's Central African copper-cobalt deposit model at Kyarra, Yerrida Basin, WA
- Cobalt intersected in every hole, including a shallow, south-dipping zone of 8m to 12m thickness containing anomalous cobalt mineralisation representing prospective setting for deeper high-grade mineralisation
- Interpretation of results confirm favourable geological setting for sediment-hosted cobalt mineralisation
- High priority target identified, covering 2km x 3.5km area, for future drilling to test for high grade mineralised zones associated with deeper structures from the underlying "red bed" sandstones
- Planning of the next phase of exploration program underway in conjunction with CSA Global

Metalicity Limited **(ASX:MCT) ("MCT"** or **"Company")** is pleased to report results received from its maiden exploration drilling program at the Kyarra Cobalt Project **("Kyarra")**, located in the Yerrida Basin, Western Australia, where the company has previously identified high grade and widespread surface cobalt results.

The drilling program was designed to understand the origin of anomalous surface cobalt geochemistry (see MCT ASX release 21 July 2017, and below) delineated over a target area of 2km x 3.5km. An initial RC percussion drilling program (Figure 4, Table 1) was completed to test whether a linear anomaly trend was associated with underlying structural/stratigraphic controlled mineralisation, or was related to scavenging of metals mobilised in the surface weathering environment by iron and manganese oxides.

The drilling has intersected a favourable stratigraphic setting and returned anomalous copper and cobalt analyses, which are consistent with the Company's exploration targeting model at Kyarra.

The Company is working closely with sediment-hosted copper-cobalt experts at CSA Global to plan the next stage of work at Kyarra, as well as future project generation for sediment-hosted copper-cobalt mineralisation. The Company is evaluating a range of additional opportunities, both in Western Australia and overseas, to build the Company's cobalt exploration portfolio.

The Kyarra Cobalt Project is well located in terms of access and infrastructure, located on the Goldfields Highway 40km west of Wiluna, in the Northern Goldfields region of WA. The three tenements give Metalicity a strong position in the basin. which is to the south and is interpreted to adjoin the bryah basin where similar exploration models have discovered the very high grade de-grussa and Monty copper deposits.

Metalicity Managing Director, Matt Gauci, commented:

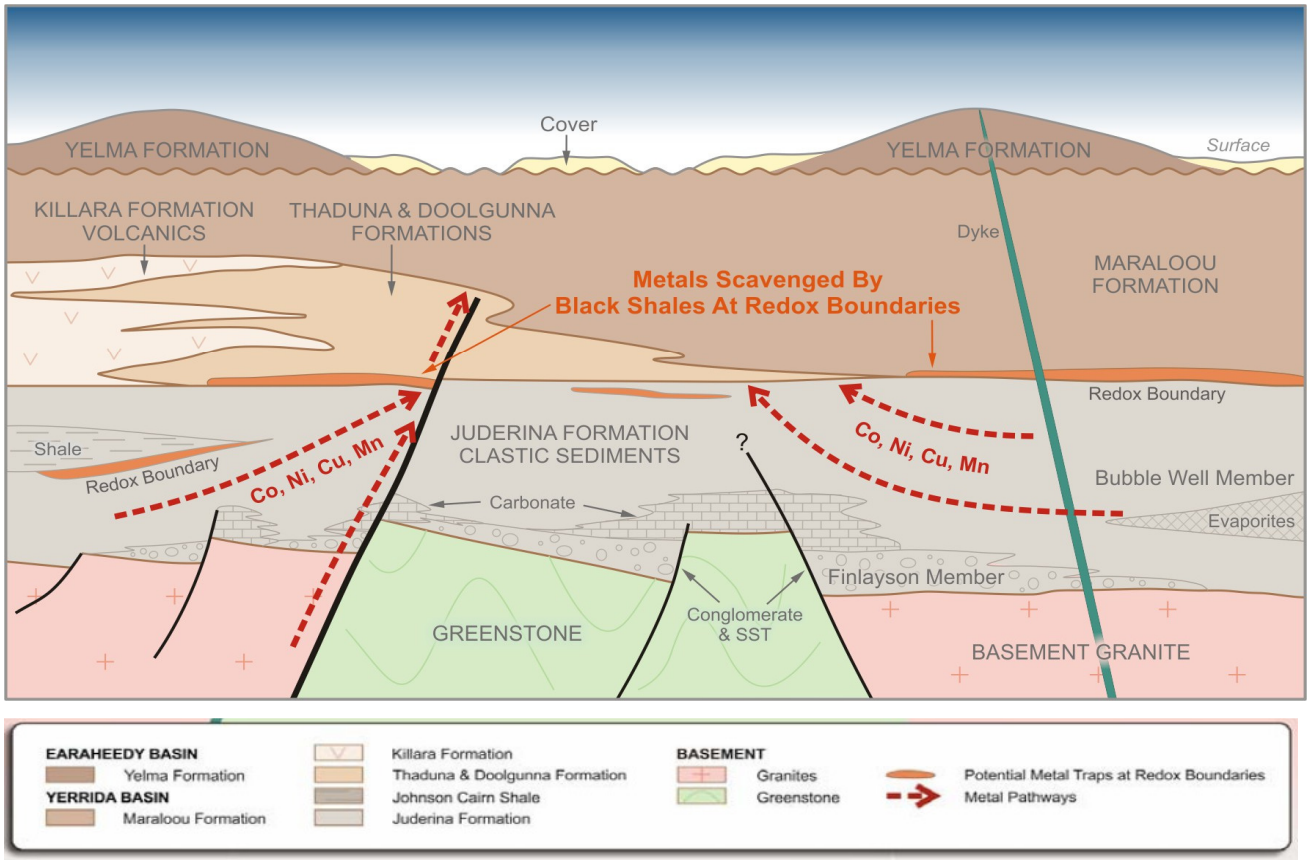
*"Structural interpretation of the Yerrida Basin and the high grade and widespread levels of cobalt in our surface sampling results supported our view that Kyarra is prospective for copper-cobalt and nickel-cobalt deposits. Applying the prolific Central African Copperbelt exploration model, drilling continues to provide a body of evidence this model is stacking up. Drilling intersected anomalous cobalt in every hole and importantly identified an 8-12m thick zone of mineralisation that may sit above the source of cobalt mineralisation, which the company will target in the next phase of exploration.***"**

Kyarra Cobalt Exploration Project Update

The Kyarra Cobalt Project is located in the Yerrida Basin, WA, which has a geological setting considered amenable to hosting structural/stratigraphic-controlled copper-cobalt mineralisation (and potentially also nickel-cobalt mineralisation).

Based on a geological evaluation of the region, the Company has developed an exploration model that has characteristics compatible to the geological setting of the prolific copper-cobalt and nickel-cobalt deposits of the Central African Copperbelt (Figure 1), where new discoveries continue to be made based on advances in exploration concepts.

Figure 1: Kyarra Cobalt and base metals conceptual mineralisation model



Source: Metalicity

Recent field work by Metalicity including 65 samples within a 2km by 3.5km target zone, identified up to 1500ppm Co and >1% Zn in weathered near-surface rock chips across the target zone sampled (Figure 3, see MCT ASX release on 21 July 2017).

As previously discussed, some of these anomalous results were from samples associated with west-north-west striking breccia zones, which are interpreted to be related to deep-seated structures, and to represent part of a potential 'plumbing system' for metalliferous fluids upwards and southwards into suitable trap horizons, as illustrated in the Company's exploration model (Figure 1).

The drilling intersected sandstones of the Yelma Formation unconformably overlying Maraloo Formation black shales. Holes were terminated within black shale at a predetermined depth. Locally, anomalous analytical results were associated with quartz veining, related to fractures and brecciation, was intersected. The

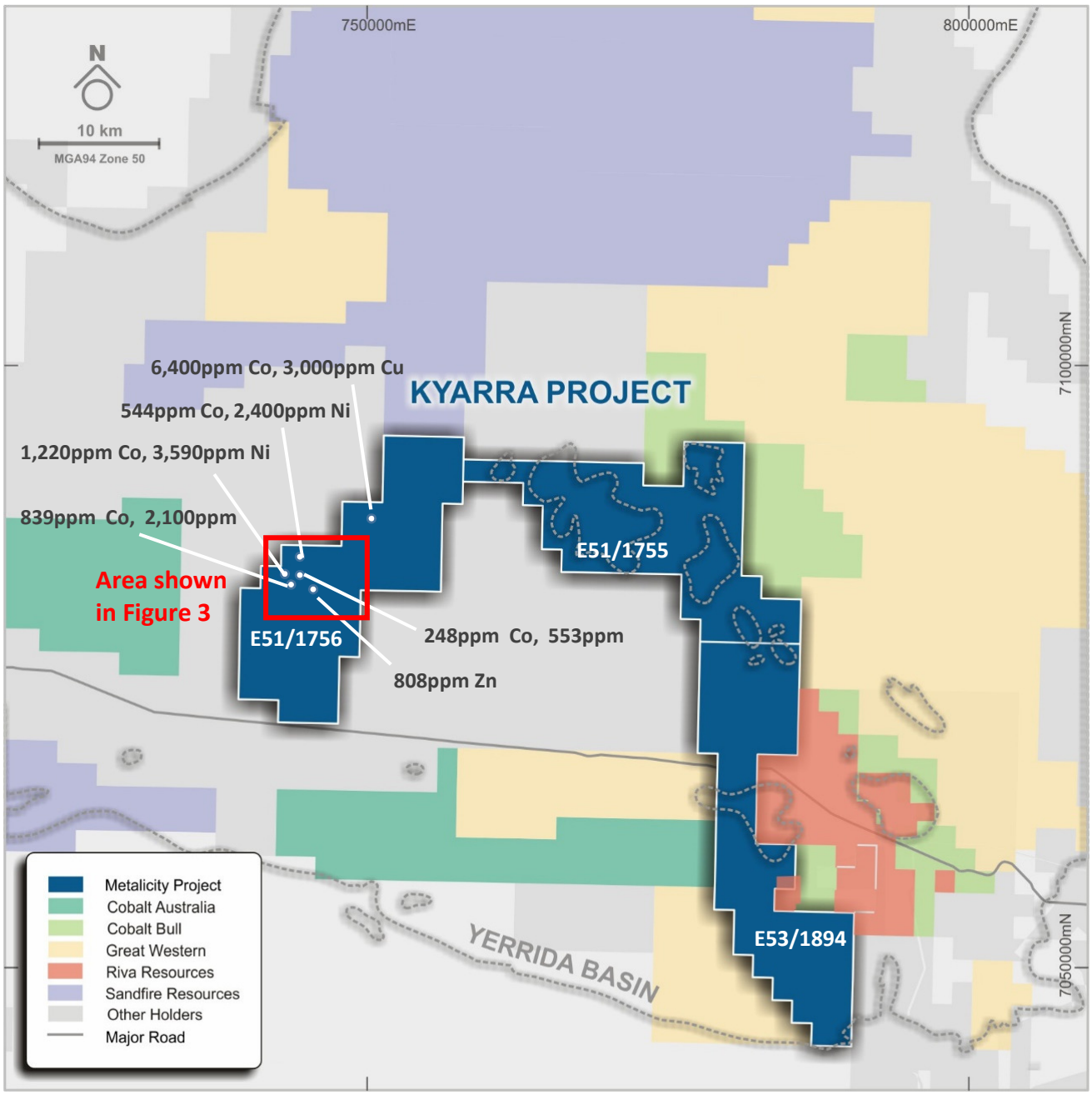
downhole quartz zones are possibly correlative with quartz float at surface, and related to the west-north-west trending breccia zones.
Drill holes encountered a consistent near-surface base metal enrichment zone, interpreted to be a regolith enrichment zone, which may account for some of the anomalous results in surface samples. More interestingly, an 8m to 12m thick, shallow south-dipping zone of anomalous base metal (400–500ppm Cu and 50–60ppm Co) was intersected in all drill holes (Figure). These values represent around 4x the Cu background and about 2x the Co background values (Table 1).

This anomalism is considered significant because in the Central African Copperbelt – the source of the exploration model – there are multiple mineralised horizons (associated with minor redox boundaries) found above the basal productive zone. The Company will now focus is efforts to target the base of the Maraloo Formation and the main transition zone from the underlying "red-bed" sandstones, which represents the primary target and most prospective setting for significant mineralisation.

Figure 2: RC Drill rig at Kyarra Cobalt project

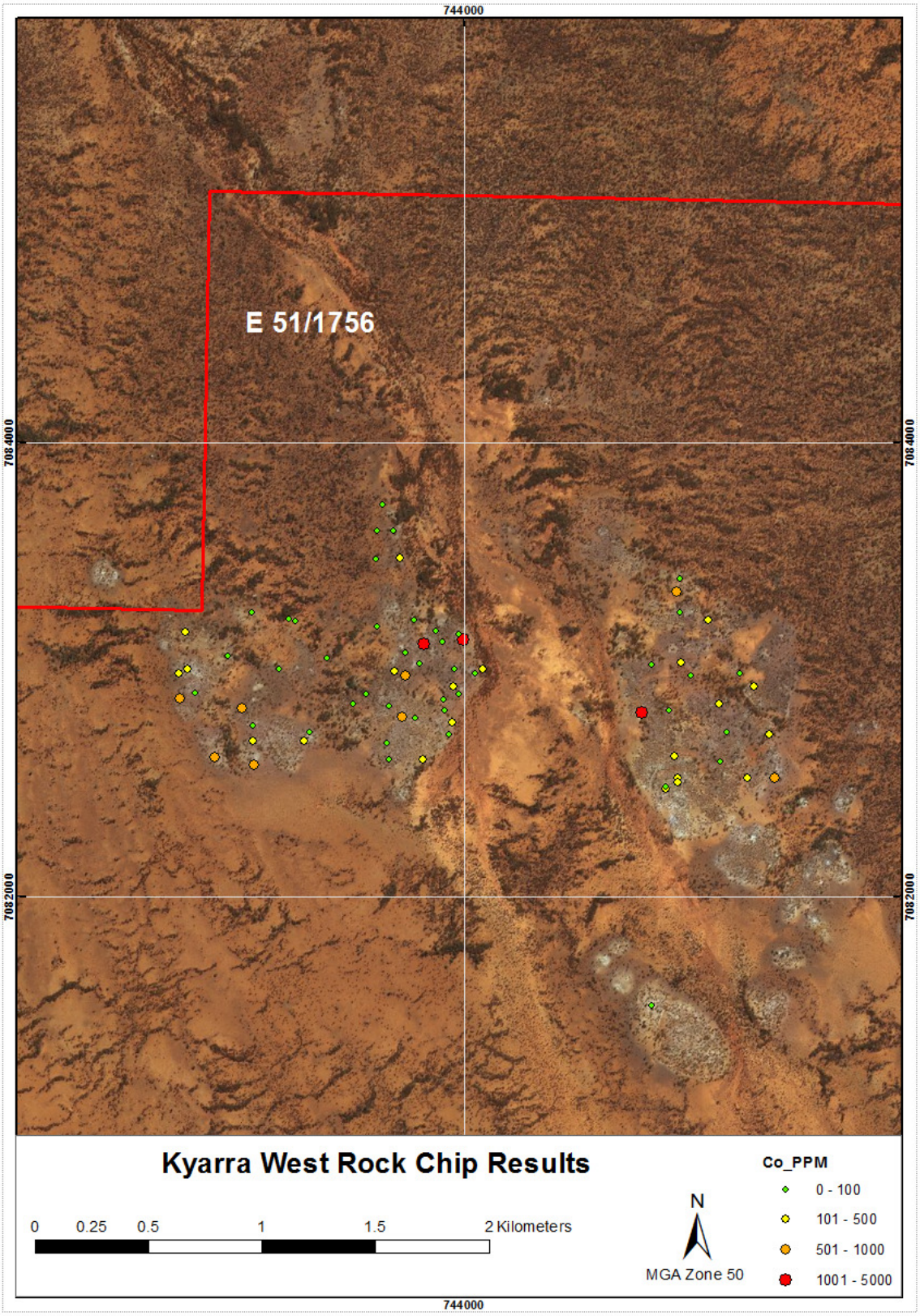
Source: Metalicity

Figure 3: Regional Location Map showing Metalicity's Kyarra Project in relation to nearby tenement holders



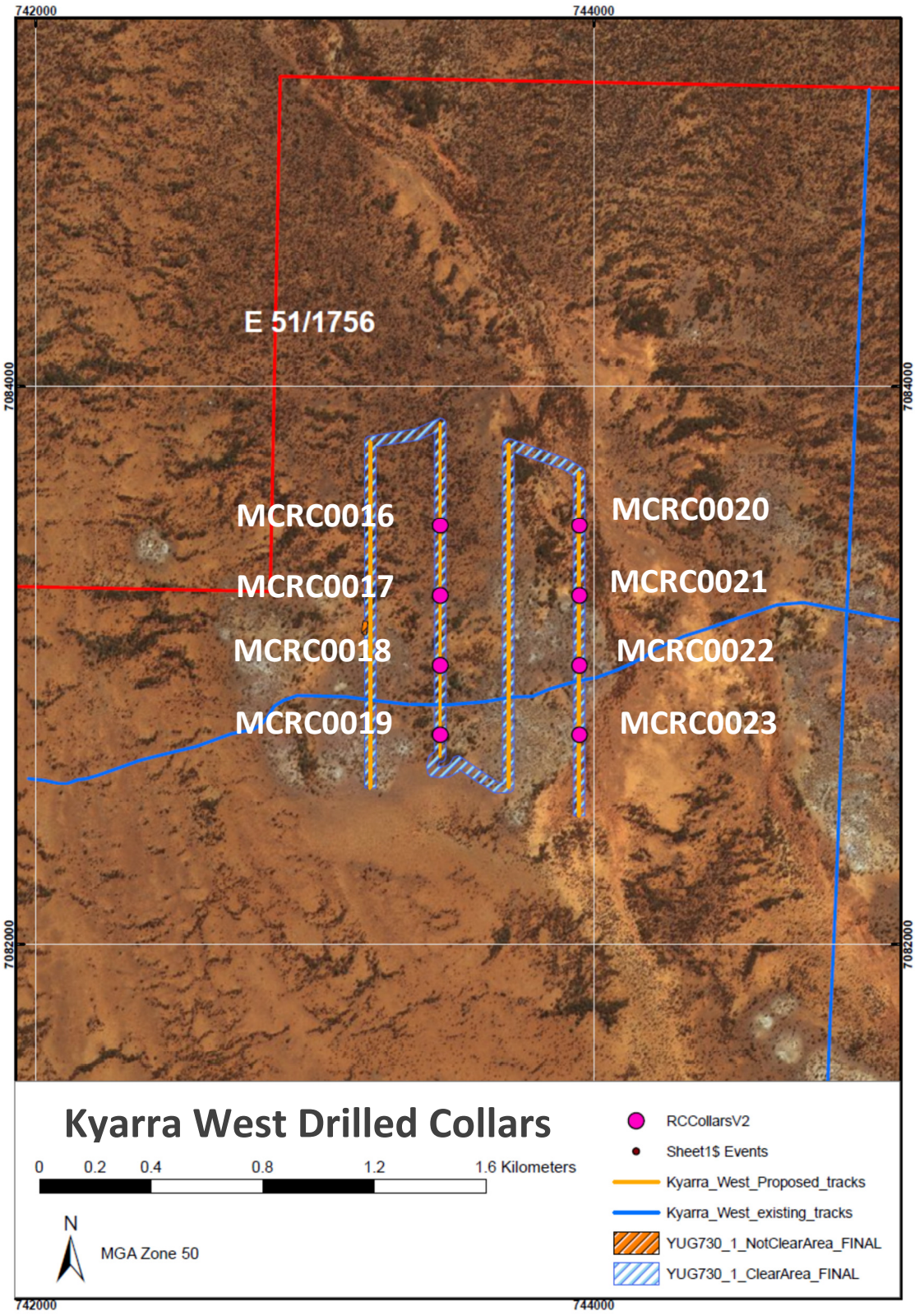
Source: Metalicity

Figure 4: Kyarra West Target Area rock chip results with cobalt anomalism highlighted.



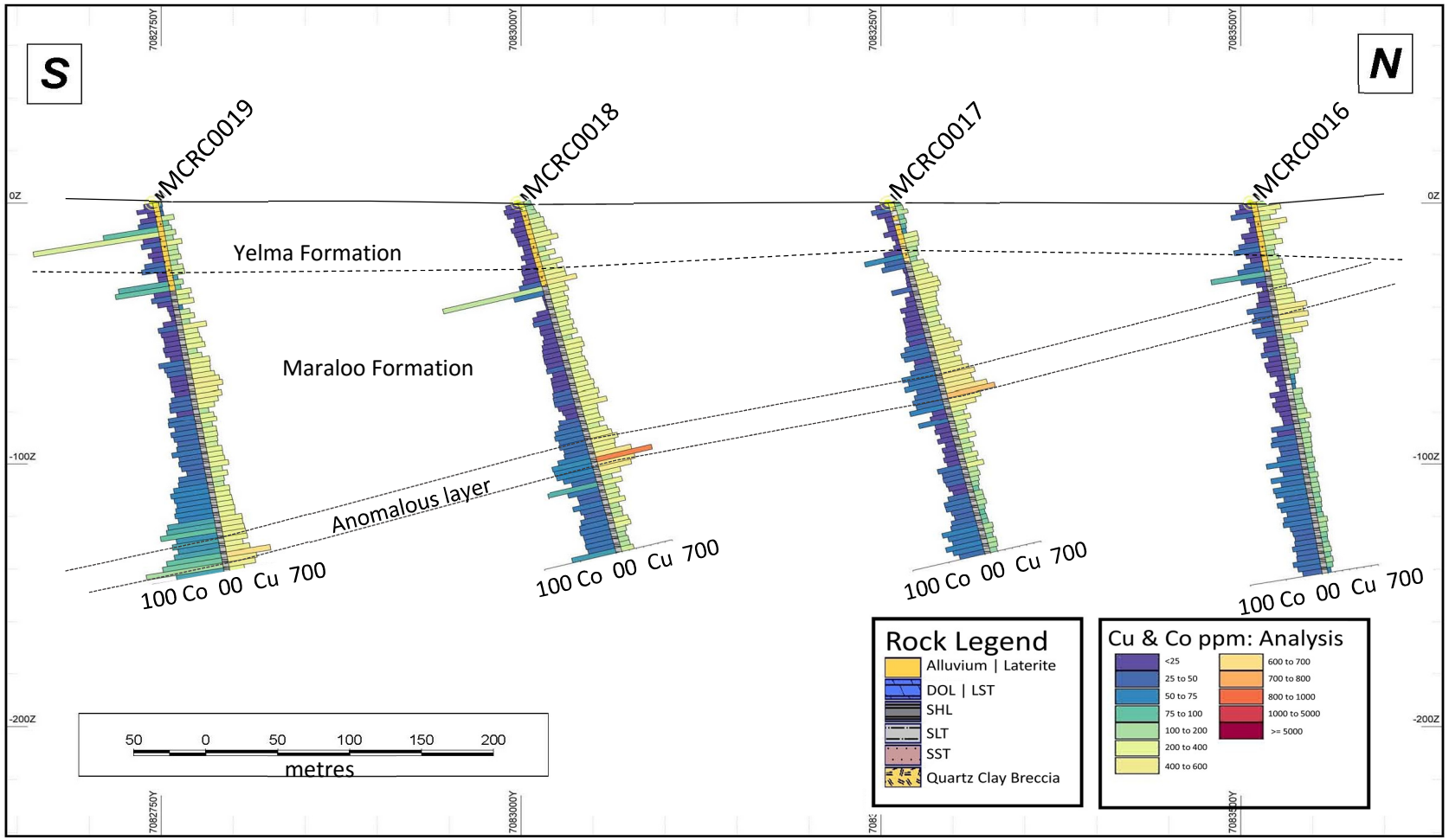
Source: Metalicity

Figure 5: Location of 4 RC drill holes from limited first pass program.



Source: Metalicity

Figure 6: Western Cross section (Holes MCRC0016–19)



Source: Metalicity

ENQUIRIES

Investors

Matt Gauci
Managing Director
+61 8 9324 1053
mgauci@metalicity.com.au

Media

Michael Vaughan
Fivemark Partners
+61 422 602 720
michael.vaughan@fivemark.com.au

About Metalicity Limited

Metalicity Limited is an Australian exploration company with a primary focus on the base metals sector and the development of the world class Admiral Bay Zinc Project, and exploration of the Lennard Shelf Zinc Project, both located in the north west of Australia. The Company is currently undertaking a Pre-Feasibility Study (PFS) on Admiral Bay and preparing for an extensive drilling program at Lennard Shelf. The Company's secondary focus is the lithium and cobalt sector with the addition of several lithium and cobalt projects where early stage exploration has commenced. The Company is supported by a management team with significant collective experience in the resources sector as well as international private equity, institutional and retail funds.

Competent Person Statement

Information in this report that relates to Exploration results is based on, and fairly reflects, information compiled by Dr Simon Dorling, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Dorling is a consultant to Metalicity Ltd, employed by CSA Global Pty Ltd, independent mining industry consultants. Dr Dorling has sufficient experience that 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. Dr Dorling consents to the inclusion of the data in the form and context in which it appears.

Table 1: Kyarra drill hole locations and orientations

Hole ID	MGAZ50_East	MGAZ50_North	Azimuth (°)	Dip (°)	Depth (m)
MCRC0016	743447	7083507	353.9	-70.6	150
MCRC0017	743453	7083255	359.7	-63.4	150
MCRC0018	743452	7082998	004.0	-62.9	150
MCRC0019	743446	7082744	350.6	-70.3	150
MCRC0020	743947	7083503	352.2	-62.6	150
MCRC0021	743949	7083225	351.9	-65.6	150
MCRC0022	743951	7083000	004.8	-66.3	156
MCRC0023	743951	7082751	004.6	-66.8	150

Table 2: Assay results from Kyarra Project drilling (samples with Co>70ppm)

HOLE ID	Depth From (m)	Depth To (m)	Sample ID	Co	Cu	Zn	Ni
MCRC0016	28	30	MCO1697	74.5	198	100	117
MCRC0018	36	38	MCO1858	139	237	305	307
MCRC0019	10	12	MCO1923	75.9	110	672	223
MCRC0019	12	14	MCO1924	175	155	1590	322
MCRC0019	34	36	MCO1936	75.1	80	74	92
MCRC0019	132	134	MCO1987	77.6	311	67	131
MCRC0019	142	144	MCO1992	75.1	608	276	161
MCRC0019	144	146	MCO1993	82	402	288	225
MCRC0019	146	148	MCO1994	106	370	383	176
MCRC0020	18	20	MCO2005	72.3	369	95	114
MCRC0020	20	22	MCO2006	105	516	144	148
MCRC0021	2	4	MCO2076	79.3	67	146	199
MCRC0021	104	106	MCO2128	75.3	371	19	92
MCRC0022	2	4	MCO2153	141	91	735	270
MCRC0022	6	8	MCO2155	119	114	233	233
MCRC0022	8	10	MCO2156	130	73	149	195
MCRC0022	10	12	MCO2157	105	89	223	199
MCRC0022	12	14	MCO2158	87.4	86	101	139
MCRC0022	28	30	MCO2167	90.2	201	66	94
MCRC0022	30	32	MCO2168	104	271	65	113
MCRC0022	130	132	MCO2219	75	659	203	201
MCRC0022	134	136	MCO2222	79.1	408	222	120
MCRC0022	138	140	MCO2224	76.3	222	59	125
MCRC0023	28	30	MCO2248	72.8	164	174	146
MCRC0023	136	138	MCO2304	78.4	340	90	149
MCRC0023	138	140	MCO2305	92.5	313	318	178
MCRC0023	140	142	MCO2306	104	391	380	192
MCRC0023	142	144	MCO2307	90.6	269	352	182
MCRC0023	144	146	MCO2308	85.2	280	329	169

JORC Code, 2012 Edition – Table 1 report template

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

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.*	• reverse circulation percussion drilling from surface was used to obtain ~30kg samples over 1 or 2m intervals with the sample line blown clean at the completion of every sampled interval. • Samples were dried, crushed, pulverised to 85% passing 75 microns, and a 0.25g representative split obtained for sodium peroxide fusion and subsequent analysis. •
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).*	• Drilling was completed using the reverse circulation percussion (RC) technique with a 5 5/8" face sampling bit. • Auxiliary and booster compressors were used to exclude groundwater and keep samples dry.
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.*	• Sample recovery was recorded by the geologist during drilling as either 'Fair', 'Poor' or 'Good' based on visual estimation of the volume of sample returned from each interval. Sample recovery was recorded as 'Fair' to 'Good' for all intervals. • Weighing of bulk rejects to provide a more quantitative assessment of sample recovery was not undertaken.
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.*	• A representative sample of each metre drilled was sieved and retained in chip trays for future reference. • Samples were geologically logged after drilling including lithology, mineralogy, grainsize, colour, texture, alteration, veining and moisture content recorded. • Most information recorded is qualitative, with semi-quantitative estimates of abundances of different lithologies and minerals.
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 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 drill chips were collected using a face sampling bit in uniquely numbered sample bags from a Metzke cone splitter mounted at the end of the sample line. • Approximately 10% of the drill chips returned from the bit were collected in the sample bags, with the bulk rejects retained in plastic bags for future reference. • Field duplicate samples were collected at the cone splitter at a frequency of approximately 1 duplicate for every 30 samples. 90% of the assay results from the field duplicates were within 10% of the results from the primary sample, with the remainder within 20% of the primary sample, indicating no issues with sample representivity. • Sample tubes and cyclone were blown clean at the completion of every sample to minimise the potential for contamination of subsequent samples, and the cyclone was routinely cleaned at the completion of every 6m drill rod. • Booster and auxiliary compressed air maintains a dry sample and minimises potential contamination of

Criteria	JORC Code explanation	Commentary
		samples.
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.*	• All samples were assayed by SGS Australia in Perth for 49 elements by 4 acid digest followed by ICP-AES and ICP-MS. Co, Cu, and Ni assay results for laboratory duplicates were all within 10% of the original samples, indicating no obvious problems with laboratory assay precision. • This technique is considered to be appropriate for the elements of interest. • Laboratory duplicates were undertaken by SGS for all assay batches at a rate of 2%. cobalt assay results for laboratory duplicates were all within 10% of the original samples, indicating no obvious problems with laboratory assay precision. • Reference standards were inserted by Metalicity Ltd at a frequency of 1 per hole and cobalt assay results found to be within 4% of the expected value indicating no issues with the laboratory assay accuracy. • Blank samples were inserted by Metalicity Ltd at a frequency of 1 per hole and assay results found to be consistent.
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.*	• Field data was recorded directly into standard templates on site using pre-established library tables, and subsequently validated and loaded into the company drill database. • Significant intersections were calculated by experienced staff and verified by other staff. • No twinned holes have been completed.
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.*	• Drill collar locations were surveyed using a Garmin handheld GPS with an accuracy of +/- 5m • To confirm drillhole inclination, 6 of the 8 holes had single shot down hole surveys completed utilising an Axis Mining Technology 'Champ' north seeking gyroscope with a published accuracy of +/-0.15°. Holes were angled at 62.6-70.6 degrees all 8 of the holes surveyed (see Table 1 above). • Standard MGA 94 Zone 50 grid coordinates are presented in Table 1.
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.*	• Drill hole locations were approximately 200m apart on lines 400m apart, which is considered appropriate for first pass, wide spaced drill testing of the lithologies present and potential mineralisation, but is not adequate to support Mineral Resource modelling. • 1m or 2m composite samples were collected during drilling. • 2m composite sample results are presented in the text and Table 2 above.
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.*	• Drill holes were angled at 62.6-70.6 degrees all 8 of the holes vertically based on prior geological mapping.
Sample security	• *The measures taken to ensure sample security.*	• All samples were collected and sealed in individually labelled bulka bags on pallets by the field geologist, with individual sample submissions for each pallet. • Pallets were collected by a courier company for transport direct to SGS Laboratories in Perth. • Samples were checked against the submission forms on arrival at SGS.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Audits and reviews were not undertaken, apart from the QAQC checks outlined above.

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.*	• Drilling was undertaken within tenement E51/1756 located approximately 80km east of Meekatharra, WA and 100% owned by Metalicity. • The area subject to this announcement lies on vacant crown land and Paroo Station. • A Heritage Agreement has been achieved with the local Yugunga-Nya native title holders on typical industry terms. •
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 sampling and drilling by various parties primarily exploring for base metals • Previous sampling had been undertaken in the areas covered by this work. •
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Company is exploring for base metals, in particular cobalt within the Kyarra Project area. The geology consists of shallowly dipping sediments and volcanic rocks of the Yerrida Basin where base metal anomalism has led numerous previous explorers to target sedimentary exhalative style mineralisation. • The Company is targeting sedimentary hosted Co-Cu-Ni deposits analgous to the Central African Copperbelt

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*
	  ○ *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.*
		• See Table 1 above, including associated notes.
		•

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 approximately flat lying pegmatite bodies suggests it is reasonable to assume in the vertical holes completed 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 maps and tables of drill hole collar 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*	• All elements assayed have been reported for the selected assay results reported. • Other assay results were not significant and have not been reported.

Criteria	JORC Code explanation	Commentary
	Results.	
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 have been undertaken to date.
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.*	• See the main body of the announcement for diagrams depicting the areas to be tested in future.