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SEPTEMBER 2018 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Nickel-Copper exploration and business development program commenced to build on the company's existing exploration projects in the Albany Fraser Belt, WA, as the company's preferred Battery Metals and Industrial Metals exposure and geological terrain.
- Program of Works (POW) lodged for 1,000M drilling program to test the Kingston Town Nickel-Copper prospect in the Albany Fraser Belt where Electromagnetic (EM) surveys conducted to assist targeting of nickel-copper sulphides in the Lake Johnston greenstone belt, has located strong conductive zones.
- Sale of the company's zinc assets complete via the planned Kimberley Mining Limited (KML) TSX-V IPO (Metalicity to retain ~40%)¹. TSX-V listing progressing well with seed capital banked, prospectus complete, brokers appointed and appropriate listing date under consideration.
- Sale of the company's lithium assets underway where significant registrations of interest received, and site visits concluded, regarding the Company's 100% owned Pilbara and Greenbushes lithium projects, with formal offers anticipated in the December Quarter 2018.
- Cash and liquid asset balance of approximately AUD1.5M.

Commenting on the quarter, Metalicity Managing Director Matt Gauci said:

"The sale of our zinc and lithium assets will deliver significant cash/equity injection to support and indeed accelerate exploration on and business development for Nickel and Copper projects in the world class Albany Fraser Belt in Western Australia.

Metalicity's preferred commodity exposure to the Battery Metals thematic is Nickel and Copper with both commodities forecast by consensus of international banks and mining companies to experience significant medium to long term growth in next 5 years driven by demand from the Battery Metals sectors.

Our preferred geological terrain is the world class Albany Fraser Belt, host to the high grade low cost Nova Nickel-Copper (with cobalt credits) project and the newly discovered Silver Knight Nickel-Copper (with cobalt credits) project, as well as a range of other early stage exploration projects being explored.

The Metalicity team have more than 15 years' experience successfully exploring the Albany Fraser Belt for Nickel-Copper, owns 100% of the drill ready Kingston Town target, an extensive database of exploration opportunities and is in discussions with a range of parties regarding value accretive acquisitions to ultimately discover and develop an economic Nickel Copper deposit."

1. Assuming an IPO raise of C\$25M at C\$0.8 per share (see ASX:MCT 18/6/18 Kimberley Mining Presentation for further details)

ALBANY FRASER NICKEL-COPPER EXPLORATION FOCUS

Metalicity currently owns 100% of the Kingston Town Nickel Project (formally the Munglinup Project) which is primarily prospective for magmatic related Nickel-Copper sulphide deposits and Komatiite style Nickel Deposits, particularly following the discovery of the Nova-Bollinger deposit in 2012 by Sirius Resources NL (now Independence Group NL) and new data reviewed regarding the Lake Johnstone Greenstone.

The Kingston Town Project covers remnants of greenstone that form part of the Tay-Munglinup Greenstone Belt that is interpreted to be an extension of the Lake Johnston Greenstone that was reworked during the Proterozoic to form the Albany-Fraser Province. The greenstone remnants are also prospective for komatiite-style nickel deposits similar to those in the Johnston Greenstone belt to the north.

Electromagnetic (EM) surveys conducted to assist targeting of nickel sulphides in the greenstone belts located strong conductive zones. The conductors are broadly coincident with the greenstones but aligned along major faults. Several conductors identified from the EM surveys have not been drill tested and may be the cause of Nova type Nickel sulphides.

Previous drilling at the Kingston Town Project has been focused on the greenstone belts and testing larger electromagnetic conductors. No systematic exploration has been conducted apart from the MMI soil geochemical survey along the interpreted extension of the Jerdacuttup Fault. Anomalies generated by this survey have not been followed up adequately and the sampling may not have been effective in some locations because of younger cover sequences and transported cover.

With more than 15 years' experience in the area, planned drilling of existing Nickel-Copper targets and discussions over future Nickel-Copper targets in the Albany Fraser Belt, the Metalicity team has now commenced an aggressive exploration and business development program in the Albany-Fraser Belt, with further opportunities being consolidated.

SALE OF THE COMPANY'S ZINC ASSETS

Kimberley Mining Limited (KML) completed an oversubscribed C\$2M seed capital raising, appointed a syndicate of brokers including Eight Capital, Haywood Securities and Paradigm Capital targeting a C\$25M IPO (pending regulatory approval and market conditions), has completed a preliminary prospectus for lodgement and commenced an initial marketing campaign with a range of institutional interest received for the IPO.

The terms of the sale and purchase of the zinc assets with Kimberley Mining Limited (KML) will potentially deliver up to C\$32.5M cash/shares to Metalicity, while Metalicity will retain approximately 40% of the expanded capital of Kimberley Mining post the listing, which represents one of the largest exposures by in ground value to the zinc sector of any active zinc exploration and development companies on the ASX.

SALE OF THE COMPANY'S LITHIUM ASSETS

The Company recently received registrations of interest and concluded field visits, for the sale of the 100% owned Pilbara and Greenbushes lithium projects. The projects cover a total area of 1,500km² of highly prospective yet underexplored terrain in proven world class lithium districts including the Pilgangoora and Wodgina district in the Pilbara region and the Greenbushes district in the South West of WA.

Part of the sale process is to terminate a milestone payment clause associated with certain lithium projects acquired from Fortescue Metals Group (ASX:FMG) in 2017, with the payment of 10M fully paid ordinary shares

agreed. Discussions are ongoing regarding further cooperation and Metalicity looks forward to completion of the sale and increased holding of FMG from the transaction.

CORPORATE AND FINANCIAL

Cash balance at the end of the quarter was approximately AUD1.5M with potential cash inflows anticipated pending the successful IPO of Kimberley Mining on the TSX-V and sale of the Company's lithium assets.

ENQUIRIES

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About Metalicity Limited

Metalicity Limited is an Australian exploration company with a primary focus on the exploration of the world class Albany Fraser Belt, where the company has commenced an aggressive exploration and business development program for the discovery of Nickel-Copper deposits. With the addition of the high growth battery metals sector demand scenario of which it sees Nickel and Copper as the main beneficiaries, the Company is now fully focussed on this sector and geological terrain. The Company is concurrently progressing the sale of its zinc assets for ~A\$35M and the sale of its lithium assets to ensure the strategy is fully funded and focussed. Metalicity is well supported by a management team with significant collective experience in the resources sector, including more than 15 years' experience in the Albany Fraser Belt and Nickel-Copper sector, and well supported by private equity, institutional, strategic and retail funds.