



ASX RELEASE: 21 November 2019

KIMBERLEY MINING UPDATE

Metalicity Limited (ASX: MCT) (“**MCT**” or “the **Company**”) wishes to advise the Company’s majority-owned subsidiary Kimberley Mining Limited (“KML” or “the Company”) has provided an update on its proposed Canadian Initial Public Offering (“IPO”), the state of Canadian Capital Markets and the Company’s flagship Admiral Bay zinc project in the Kimberley region of Western Australia.

A copy of this announcement is attached.

ENQUIRIES

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CORPORATE UPDATE

21 NOVEMEBR 2019

Kimberley Mining Limited (“Kimberley” or “the Company”) wishes to provide an update on the Company’s proposed Initial Public Offering (“IPO”), the state of Canadian Capital Markets and the Company’s flagship Admiral Bay zinc project in the Kimberley region of Western Australia.

During the first half of 2019, Canadian Capital Markets continued to struggle with only 13 mining related IPOs making it to market for a total of C\$8 million raised. Of those mining related IPOs, all 13 took place on the Canadian Securities Exchange (CSE) – an alternative stock exchange to the TSX and TSXV for companies seeking to access capital. The amounts of money raised across all sectors in 2019 is significantly less than in 2018 and, for mining, significantly less than 2017.

In October 2018, Kimberley raised approximately C\$2.2 million to progress in filing the Company’s preliminary prospectus and made technical advancements on enhancing Admiral Bay prospectivity. Due to market conditions, the IPO was delayed in late 2018 with market conditions failing to improve during 2019. Kimberley tested the market with a further seed capital raising with existing shareholders which was not supported. Further, the zinc market deteriorated during 2019 increasing difficulty in obtaining investor support for the project.

Based on the advice of the Company’s advisors and bankers, Kimberley reluctantly advises that it has taken the decision not to proceed to IPO at this stage despite the best efforts of all involved. During 2019, Kimberley has explored a number of potential liquidity events, however no concrete offers were received.

With the assistance of Metalicity Limited (ASX:MCT), Kimberley’s majority shareholder (81.1% interest), the Company took steps to reduce all commitments related to its non-core assets for the purposes of protecting the Company’s flagship asset, the Admiral Bay zinc project.

To preserve the project, the asset will be placed under care and maintenance and will be managed by the Australian-based Directors who are best placed to undertake this. Working capital requirements are currently being determined as sources of funding are explored.

Meanwhile, the Company will continue to explore value maximising alternatives to IPO and will actively monitor the IPO conditions in Canada.

The Admiral Bay exploration licence E04/1610 was granted a 2-year extension of term in September 2019, maintaining the integrity of the project. Care and maintenance activities will focus on adding value to the project through review of seismic data and detailed geological evaluation based on seismic data, magnetics, drill data and three-dimensional modeling of the mineralised system.

As a result, Tom Panoulas has tendered his resignation as CEO and Director of Kimberley Mining effective immediately. The Kimberley’s Board of Directors want to thank him for his contribution and wish him well in his future endeavors. Mr. Panoulas will remain as a consultant to the company and will assist with transitional matters related to Kimberley Mining during the notice period.

For further information, please contact:

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Cautionary Note Regarding Forward-Looking Statements Forward-Looking Statements:

The above contains forward-looking statements that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward-looking statements. Factors that could cause such differences include: changes in world commodity markets, equity markets, costs and supply of materials relevant to the mining industry, change in government and changes to regulations affecting the mining industry. Forward-looking statements in this release include statements regarding intentions to file a prospectus, future exploration programs, operation plans, geological interpretations, mineral tenure issues and mineral recovery processes. Although we believe the expectations reflected in our forward-looking statements are reasonable, results may vary, and we cannot guarantee future results, levels of activity, performance or achievements.