

ASX RELEASE: 27 May 2020

## Drilling commences at High Grade Kookynie Gold Project

### DRILLING HIGHLIGHTS

- Drilling has commenced at the high-grade Kookynie Gold Project in WA, circa 60 kms south of Leonora.
- The Kookynie Gold Project includes the historic Cosmopolitan mine which produced 360,000oz at a very high average head grade of 15 grams per tonne (g/t).
- Limited work has been conducted in and around the Cosmopolitan Gold Mine and other prospects including Champion, McTavish and Leipold.
- Historical drilling has returned near surface intersections such as:
  - Leipold - 3m @ 107.2 g/t Au from 32 metres in LQRC0026
  - Leipold - 4m @ 104.8 g/t Au from 36 metres in BLQ012
  - McTavish - 3m @ 52.33 g/t Au from 23m in hole CRC136
  - Cumberland - 3m @ 44.0 g/t Au from 18 metres in KOYC106\*
- Recent holes drilled by Metalicity have returned near surface intersections such as:
  - McTavish - 5 metres @ 17.9 g/t Au from 48 metres
    - inc. 1 metre @ 80.17 g/t Au from 51 metres (McTavish)
  - Leipold - 6 metres @ 9.4 g/t Au from 26metres
    - inc. 2metres @ 19g/t Au from 26metres (Leipold) \*\*
- Based on the available data, Metalicity has estimated a significant Exploration Target (refer below).
- An initial drilling program up to 40 drill holes will be completed over the coming weeks at Leipold and McTavish which can be extended depending on results.

Metalicity Limited (ASX: MCT) (“MCT” or “Company”) is pleased to announce that drilling has commenced at the Kookynie Gold Project (“Kookynie”). The return of significant intercepts from the December 2019 drilling programme confirmed mineralisation extends past previously developed and drilled areas for the Kookynie Gold Project and a staged programme has begun to follow up on these results.

Kookynie is located 60 kilometres south south-east from Leonora, Western Australia and is host to six, significant prospects; Champion, McTavish, Leipold, Diamantina, Cosmopolitan and Cumberland. Diamantina, Cosmopolitan and Cumberland are known collectively as the DCC Trend (see Figure 1). The historic Cosmopolitan mine which produced 360,000oz at a very high average head grade of 15 grams per tonne (g/t).

The Kookynie Gold Project is underexplored, but does contain some excellent intersections including:

- Leipold - 3m @ 107.2 g/t Au from 32 metres in LQRC0026\*
- Leipold - 4m @ 104.8 g/t Au from 36 metres in BLQ012\*
- McTavish - 3m @ 52.33 g/t Au from 23m in hole CRC136\*
- Cumberland - 3m @ 44.0 g/t Au from 18 metres in KOYC106\*

\*Please refer to ASX Announcement “Metalicity Farms Into Prolific Kookynie & Yundamindra Gold Projects, WA” dated 6 May 2019

\*\*Please refer to ASX Announcement titled “Metalicity Reports Drill Hole Intercepts Up To 80 g/t Au & Additional Tenement Acquisition for Kookynie” dated 21 January 2020.

Metalicity has also defined a significant **“Exploration Target”** of between **294,000 ounces and 967,000 ounces** and is inclusive of historically stated mineral resource estimates and previously excluded areas of underground development (please refer to ASX Announcement **“Kookynie Gold Project – Development Strategy & Exploration Target Update”** dated 12 March 2020)

**“Exploration Target”** cautionary statement: The potential quantity and grade is conceptual in nature, given that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Commenting on the drilling commencement, Metalicity Managing Director, Jason Livingstone said:

*“With the Company now funded post our recent capital raising, we now turn to continuing to develop the Kookynie Gold Project. An initial 40-hole RC programme is designed and is currently being executed to follow up the phenomenal drill hole results we published at Leipold and McTavish. This is part of a larger, staged programme to really start showing how big these Prospects are. I have every confidence that our success will be repeated, and I look forward to keeping our shareholders and the market in general, abreast as developments arise.”*

### Planned Drilling Programmes:

The current programme at the Kookynie Gold Project (Figure 1) is designed to follow up on the phenomenal drill hole results to date through step out and infill drilling. Below is a series of drill hole plane of vein long sections that illustrate the recent and historical drilling pierce points, coupled with discussion detailing the significance of the results to date at each of the Prospects and the areas we intend to explore:

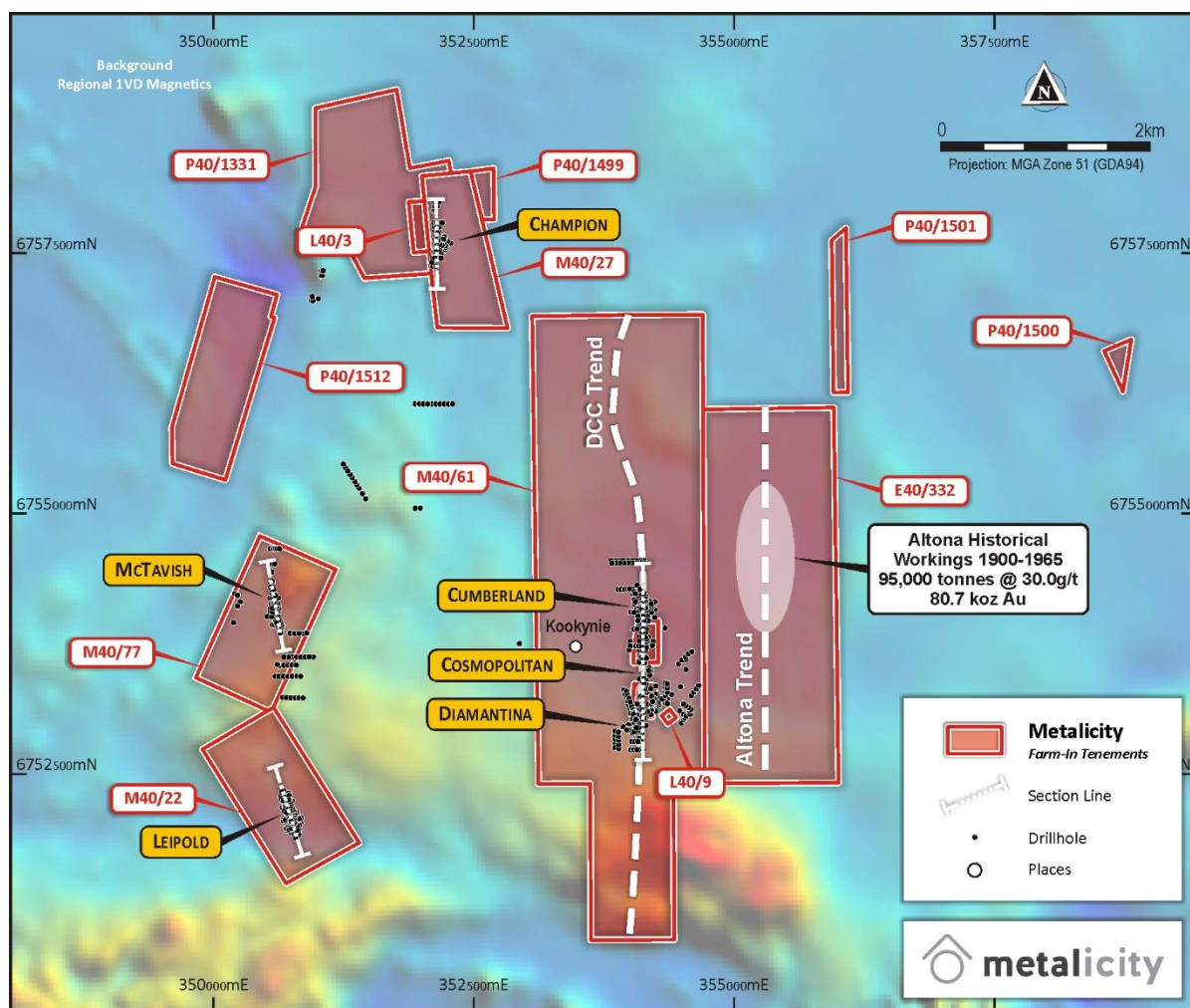


Figure 1 – Kookynie Prospect Locality Map with mineralised trends.

## The Leipold Prospect

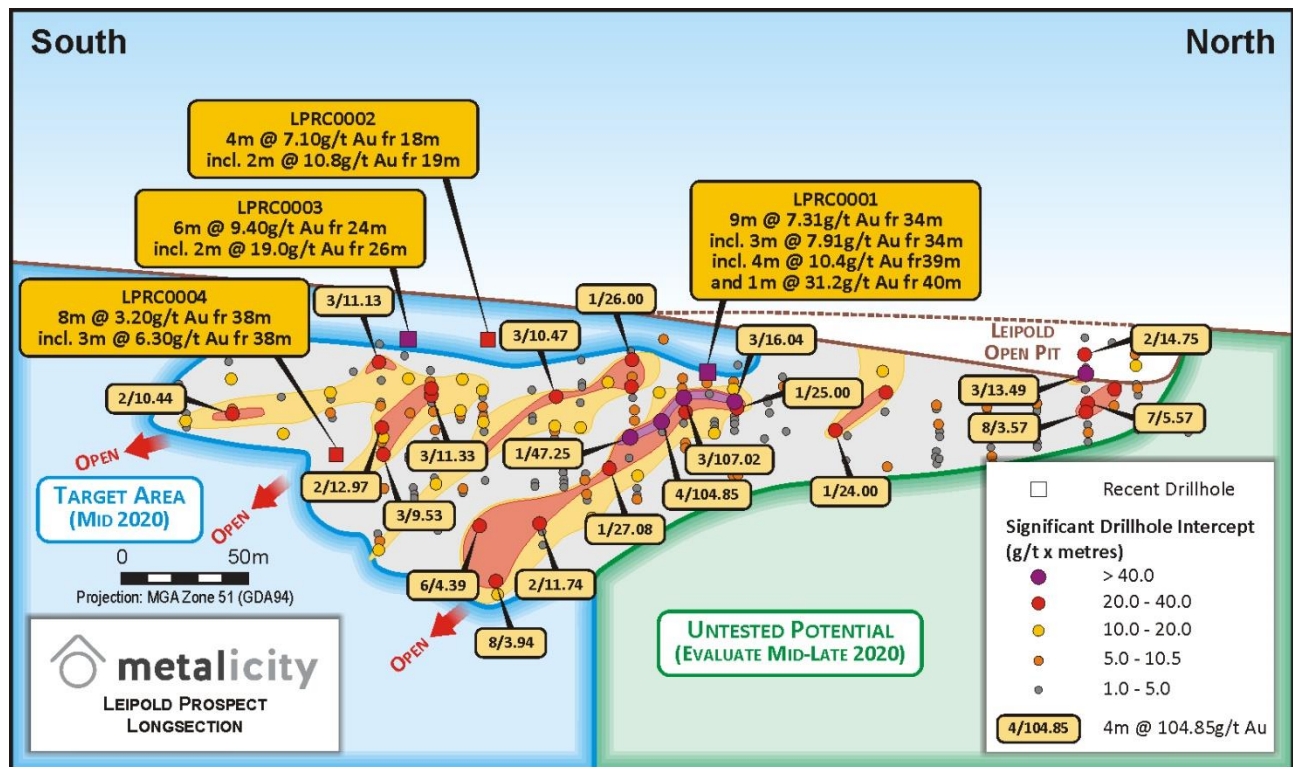


Figure 2 – Leipold Plane of Vein Section with recent drilling.

The Company has previously confirmed and stepped out from the mineralisation, this initial programme of up to 30 drill holes (of the planned 40 drill holes of the initial programme at Kookynie) to infill the area shaded red (to be clarified when image available). This southern extent, up and down dip, and along strike area where previous drilling represents an incredible opportunity to not only confirm aspect of the JORC 2004 Mineral Resource Estimate of 555kt @ 1.9 g/t for 33koz (please refer to ASX Announcement by NME dated 1st August 2011 “Update on activities”) but also to expand and allow Metalicity to potentially re-estimate and significantly refine the mineralisation model to JORC 2012 guidelines.

Furthermore, the shaded area in blue presents an opportunity to further expand the mineralisation at the Leipold Prospect in the months to come. As can be seen from the Leipold long section, the central mineralised plunging structure that is host to historical intercepts of 3 metres at 107.02 g/t Au from 33 metres in LQRC0026 and 4 metres at 104.85 g/t Au from 36 metres in BLQ012 (please refer to ASX Announcement “*Metalicity Farms Into Prolific Kookynie & Yundamindra Gold Projects, WA*” dated 6 May 2019) has received the majority of historical attention. However, as illustrated, the Leipold mineralisation is characterised by high grade plunging shoots that are rhythmically spaced along the main Leipold structure. The green shaded area represents an opportunity to develop similar high-grade shoots that have already been identified in shallow, but less intensive, historical drilling.

## The McTavish Prospect

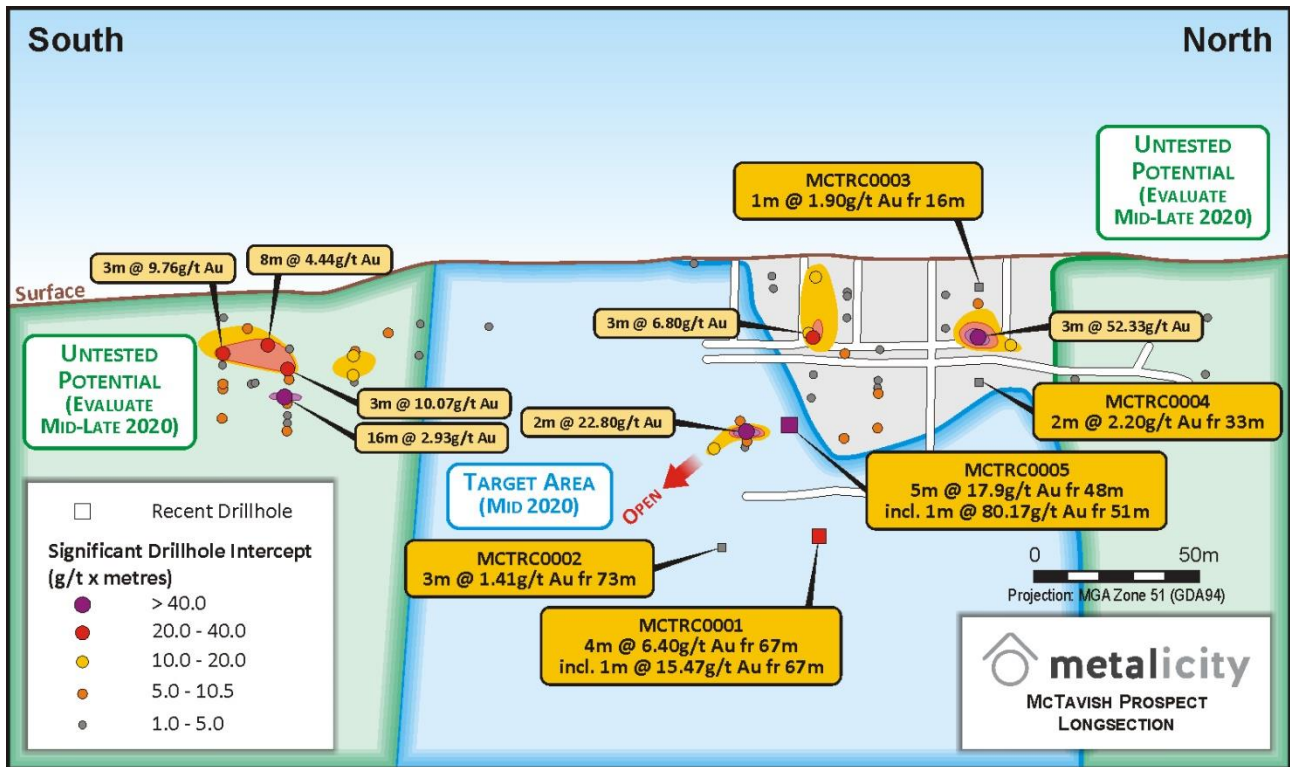


Figure 3 – McTavish Plane of Vein Section with recent drilling.

The Company has previously confirmed and stepped out from the mineralisation at McTavish, and as part of the initial programme of up to 10 drill holes (of the planned 40 drill holes of the initial programme at Kookynie) to infill the area shaded blue. This zone between two historically worked areas at McTavish where previous drilling represents an incredible opportunity to not only confirm aspect of the JORC 2004 Mineral Resource Estimate of 79kt @ 2.2 g/t Au for 6koz (please refer to ASX Announcement by NME dated 1st August 2011 "Update on activities") but also to expand and allow Metalicity to potentially re-estimate and significantly refine the mineralisation model to JORC 2012 guidelines.

Furthermore, the green shaded area presents an opportunity to further expand the mineralisation at the McTavish Prospect in the months to come. As illustrated in the Leipold long section, mineralisation is characterised by high-grade plunging shoots that are rhythmically spaced along the main structure. The Company interprets a similar structural setting whereby these plunging shoots are the product of intersecting structures. The blue and green areas represent an opportunity to develop similar high-grade shoots that have already been identified in shallow, less intensive, historical drilling coupled with Metalicity's efforts to date.



## The Champion Prospect

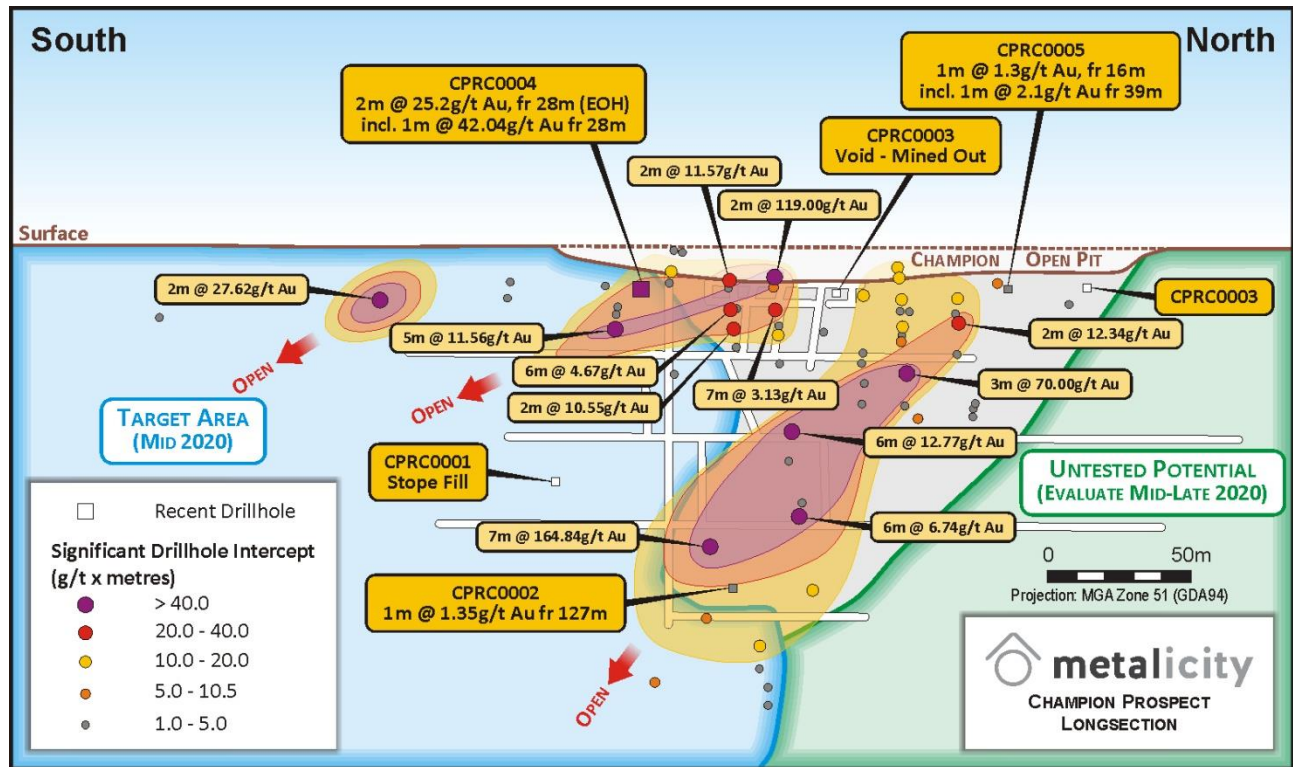


Figure 4 – Champion Plane of Vein Section with recent drilling.

The Company has completed six Reverse Circulation (RC) drill holes to date at the Champion Prospect. Having confirmed and stepped out from the observed mineralisation, this Prospect will be subject to follow up drilling during the second stage of drilling planned for this year within the blue area. This zone extends the mineralisation observed at Champion where previous drilling represents an incredible opportunity to not only confirm aspect of the JORC 2004 Mineral Resource Estimate of 117kt @ 3.8g/t Au for 14.2koz (please refer to ASX Announcement by NME dated 1st August 2011 "Update on activities") but also to expand and allow Metalicity to potentially re-estimate and significantly refine the mineralisation model to JORC 2012 guidelines.

Furthermore, the green shaded area presents an opportunity to further expand the mineralisation at the Champion Prospect in the months to come. As highlighted by historical drill hole intercepts like 7 metres at 164.84 g/t from 101 metres in DVRC0074 and 3 metres at 70 g/t Au from 40 metres in CNRC0011 (please refer to ASX Announcement "Metalicity Farms Into Prolific Kookynie & Yundamindra Gold Projects, WA" dated 6 May 2019) has received a significant amount of historical exploration to define this mineralised plunging shoot at Champion. The blue and green areas represent an opportunity to develop similar high-grade shoots that have already been identified in shallow, less intensive, historical drilling coupled with Metalicity's efforts to date.

## The DCC Trend

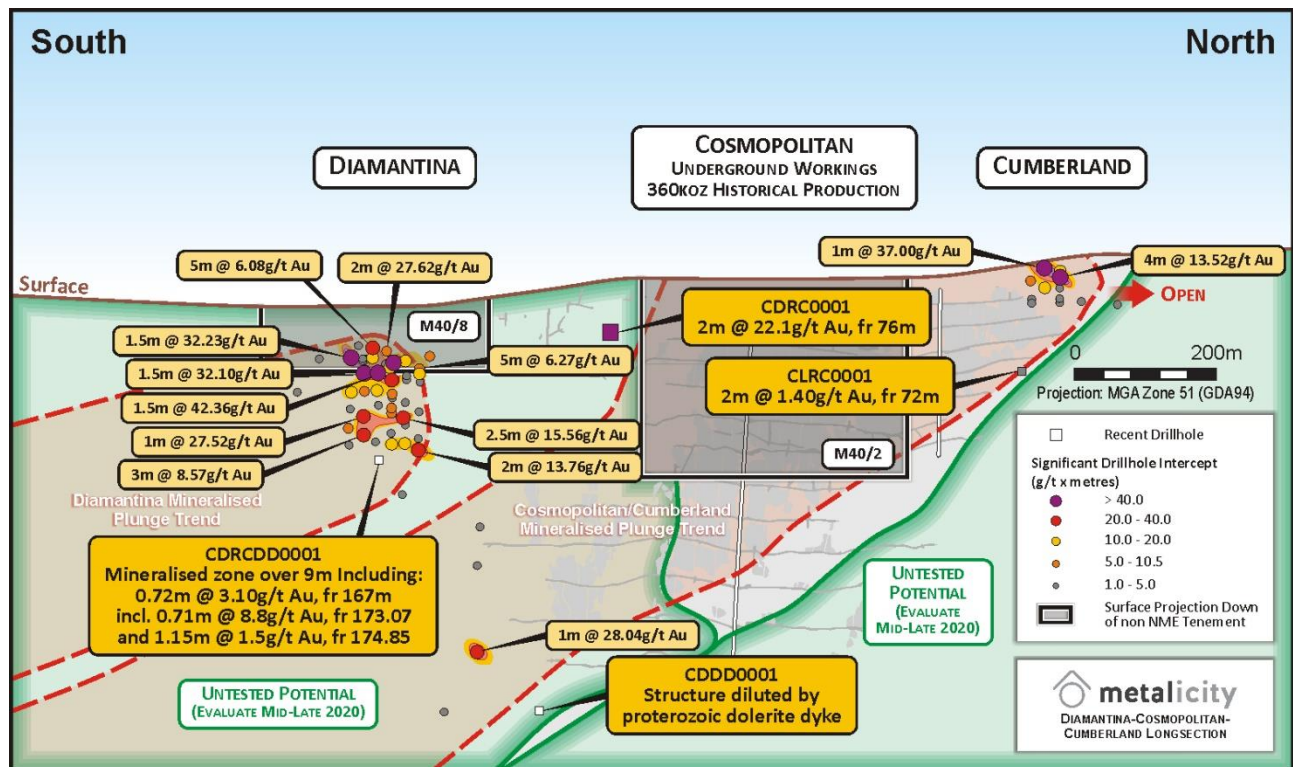


Figure 5 – The DCC Trend Plane of Vein Section with recent drilling.

The Company has completed two Reverse Circulation (RC) and two diamond core drill holes to date at the DCC Trend. This area has seen incredible historical production of circa 360koz at an average head grade of the life of this mine from 1896 to 1922 of 15 g/t Au. As illustrated from the long section, very little, effective exploration has been completed at this historical mine that interested the structure hosting the Cosmopolitan Gold Mine.

Given the scale of this historical gold mine, the Company has collated all historical information available to assist in geological interpretations. Historical underground development is well developed along the southerly plunging mineralised shoots as similar high-grade plunging shoots are observed at Leipold, McTavish and Champion. The Company, as part of the staged exploration programme, will continue to evaluate the along strike and down plunge targets of this historical, high grade gold mine.

Metalicity has completed three drilling programmes to date. The table below summarises the significant intercepts returned from all Metalicity drilling programmes the Kookynie Gold Project:

MGA 94 Zone 51 South													
Prospect	Hole ID	Hole Type	Easting	Northing	RL	EOH	Dip	Azi	From (m)	To (m)	Down Hole Width (m)	Grade (Au g/t)	Comments
Leipold	LPRC0001	RC	350,744	6,752,130	420	48	-60	250	34	43	9	7.31	9m @ 7.31 g/t Au from 34m
							including		34	37	3	7.91	inc. 3m @ 7.91 g/t Au from 34m
							including		39	43	3	10.4	inc. 3m @ 10.4 g/t Au from 39m
							including		40	41	1	31.2	inc. 1m @ 31.2 g/t Au from 40m
	LPRC0002	RC	350,760	6,752,040	431	42	-60	250	18	22	4	7.1	4m @ 7.1 g/t Au from 18m
							including		19	21	2	10.8	inc. 2m @ 10.8 g/t Au from 19m
							-60	250	26	29	3	3.4	3m @ 3.4 g/t Au from 26m
	LPRC0003	RC	350,766	6,752,030	431	42	-60	250	24	30	6	9.4	6m @ 9.4 g/t Au from 24m
							including		26	28	2	19	inc. 2m @ 19 g/t Au from 26m
	LPRC0004	RC	350,785	6,752,027	431	60	-60	250	38	46	8	3.2	8m @ 3.2 g/t Au from 38m
							including		38	41	3	6.3	inc. 3m @ 6.3 g/t Au from 38m
McTavish	McTRC0001	RC	350,647	6,754,118	423	112	-60	270	67	71	4	6.4	4m @ 6.4 g/t Au from 67m
							including		67	68	1	15.47	inc. 1m @ 15.47 g/t Au from 67m
	McTRC0002		350,647	6,754,098	424	84	-60	270	73	76	3	1.41	3m @ 1.41 g/t Au from 73m
	McTRC0003	RC	350,576	6,754,153	423	30	-60	270	14	15	1	1.9	1m @ 1.9 g/t Au from 14m
	McTRC0004	RC	350,596	6,754,153	423	48	-60	270	33	35	2	2.2	2m @ 2.2 g/t Au from 33m
	McTRC0005	RC	350,618	6,754,083	424	66	-60	270	48	53	5	17.9	5m @ 17.9 g/t Au from 48m
							including		51	52	1	80.17	inc. 1m @ 80.17 g/t Au from 51m
Champion	CPRC0001	RC	352,224	6,757,503	417	112	-60	270	Stope fill intersected - structure present but mined out.				
	CPRC0002		352,265	6,757,582	416	138	-60	250	127	128	1	1.35	1m @ 1.35 g/t Au from 127m
	CPRC0003	RC	352,158	6,757,586	417	48	-60	270	31	33	2	1.8	2m @ 1.8 g/t Au from 31m
	CPRC0004	RC	352,149	6,757,566	417	30	-60	270	28	30	2	25.2	2m @ 25.2 g/t Au from 28m to EOH
							including		28	29	1	42.04	inc. 1m @ 42.04 g/t Au from 28m
	CPRC0005	RC	352,167	6,757,631	417	42	-60	270	16	17	1	1.3	1m @ 1.3 g/t Au from 16m
									39	40	1	2.1	1m @ 2.1 g/t Au from 39m
DCC Trend	CDRCDD0001	RC/DD Tail	354,377	6,753,209	427	186.33	-60	270	167	167.72	0.72	3.1	0.72m @ 3.1 g/t Au from 167m
									173.07	173.28	0.21	8.8	0.21m @ 8.8 g/t Au from 173.07m
									174.85	176	1.15	1.5	1.15m @ 1.5 g/t Au from 174.85m
	CLRC0001	RC	354,153	6,754,058	429	136	-60	270	72	74	2	1.4	2m @ 1.4 g/t Au from 72m
	CDRC0001	RC	354,284	6,753,513	430	148	-60	270	76	78	2	22.1	2m @ 22.1 g/t Au from 76m

**Table 1 – \*Significant Drill Hole Intercepts**

\*Please refer to ASX Announcement titled "Metalicity Reports Drill Hole Intercepts Up To 80 g/t Au & Additional Tenement Acquisition for Kookynie" dated 21 January 2020.

## Summary:

Following the recent successful entitlement issue and placement the Company is now in a position to accelerate exploration and development of the Kookynie Gold Project.

Based on the results obtained from the initial drilling programmes, the proposal is to continue with the same the same methodical, results driven approach to the exploration of the Prospects we have performed before.

The objective is to efficiently explore the large high grade mineralised systems that the Company's initial work identified. The first stage of this expanded exploration programme will be concentrated on the Leipold and McTavish Prospects.

Concurrent to this drilling, a drone magnetic survey will be undertaken to assist in geological interpretations of the strike extents of the known mineralised areas of Leipold, McTavish, Champion and the DCC Trend.

As results are received, and geological interpretations confirmed, the exploration programme will be further extended. This proposed staged approach will allow for results to be interpreted and incorporated into future plans, ensuring that all the follow-up exploratory stages will be carried out as efficiently and cost effective as possible.

## ENQUIRIES

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### Note

This Announcement is designed to also supplement for Nex Metals Exploration as it relates to our farm-in agreement as announced on the 6<sup>th</sup> May 2019 titled *"Metalicity Farms Into Prolific Kookynie & Yundamindra Gold Projects, WA"*.

### 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.