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CHINA NFC ZINC PROJECT STUDY DELIVERS POSITIVE RESULTS

- ▶ China Non-Ferrous Metals (NFC) have formally notified Metalicity of the successful completion of a detailed Review (Review) of the technical and financial parameters of the Admiral Bay Zinc Project (Admiral Bay) Pre-Feasibility Study (PFS) Stage 1 report supporting the Memorandum of Understanding (MOU) signed on 8/2/17.
- ▶ The Review is a key term of the MOU between Metalicity and CNFC Equipment Co.,LTD (CNFC), a holding subsidiary of China NFC, regarding the feasibility, development and financing of Admiral Bay.
- ▶ China NFC will now complete a Project Study Report (Project Study) incorporating Engineering Procurement Construction (EPC) costings as part of the Admiral Bay PFS which are anticipated to reduce the capital and operating costs, reduce long lead item times, accelerate development timelines and overall economics.
- ▶ The Project Study is a key working document required to comply with financing requirements of Chinese Banks for debt, equity and other financing mechanisms, and an important step in accelerating a binding agreement with China NFC for the feasibility, development and financing of Admiral Bay.
- ▶ The China NFC Project Study compliments the recently completed metallurgical testwork program supporting the MOU signed with China Minmetals, towards a binding feasibility, development, financing and offtake agreement with both organisations being China's leading zinc industry participants.

Metalicity Limited (**ASX:MCT**) ("**MCT**" or "**Company**") is pleased to announce that China Non-Ferrous Metals (NFC) have formally notified the Company of the successful completion of a detailed review (Review) of the technical and financial parameters of the Admiral Bay Zinc Project PFS Stage 1 report (see ASX:MCT 10/10/17) supporting the Memorandum of Understanding ("**MOU**") signed with the NFC holding company CNFC for the feasibility, development and financing of Admiral Bay (see ASX:MCT 8/2/17).

CNFC is the major engineering and equipment arm of NFC in the resources and mining sector and has established markets in the Middle East, Central and North Asia, Central and South Africa, and is seeking further projects related to resources in developed resources and mining markets such as Australia. CNFC is an organization with a strong track record in supporting the development of large, long life projects, including Mehdiabad, Citronen, Talla Hamza and other projects in Northern China including the "City of Zinc". NFC has entered the Shenzhen 100 Stock Index and Shanghai-Shenzhen 300 Composite Index.

The Review is a key term of the MOU between the Companies and a strong endorsement of the technical and financial parameters of the Admiral Zinc Project PFS Stage 1 report, establishing a framework for the Project Study at the completion of the PFS, incorporating NFC EPC costings. The Project Study is anticipated to significantly reduce overall capital and operating costs, reduce long lead items times, accelerate development timelines and overall economics, and in turn support a binding agreement regarding the feasibility, development and financing of Admiral Bay.

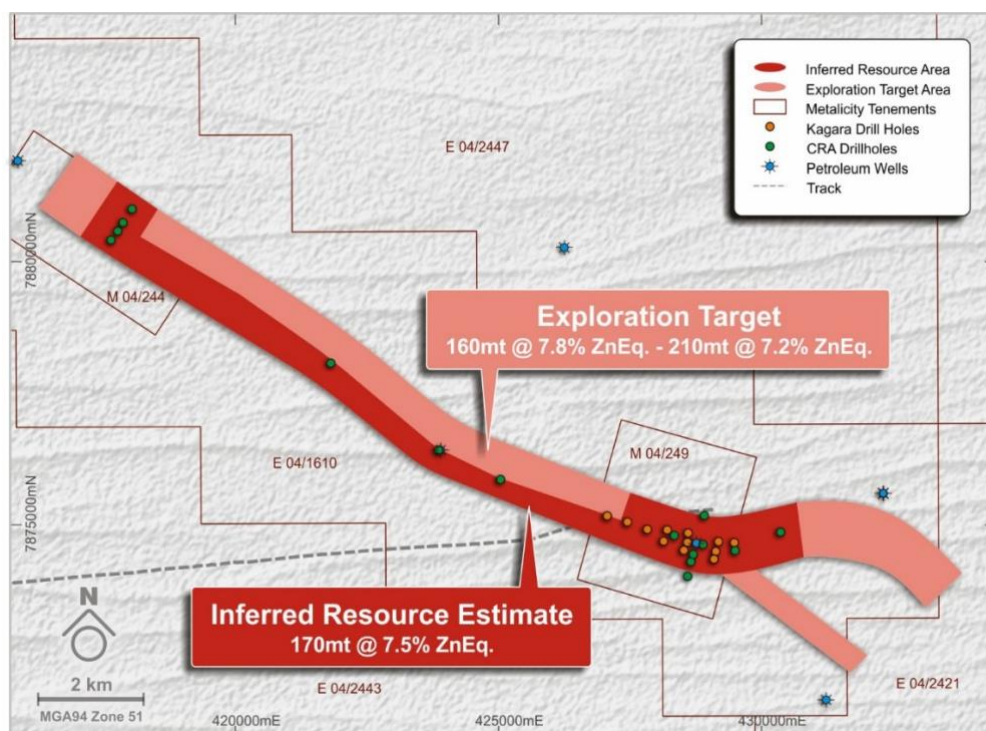
Managing Director Matt Gauci Commented: "The positive review supporting the MOU with China NFC and combined with successful metallurgical testwork supporting the MOU with China Minmetals established a very strong framework for the feasibility, development, financing and offtake agreement with China's largest and most credible engineering, resources, mining and metals groups in the zinc sector."

Key Terms of the MOU with CNFCMN

The terms of the MOU which will be the basis for progressing a binding and formal funding, joint venture or other financial agreement with CNFC for Admiral Bay are:

1. Assist the Pre-Feasibility Study (PFS) including a detailed review of the technical and financial parameters of the PFS Stage 1.
2. Prepare a project study report in compliance with the financing requirements of Chinese banks
3. Incorporate equipment and construction costs via CNFC for the PFS
4. Work with Metalicity in securing Chinese project financing for the feasibility, development and construction of the Admiral Bay Zinc Project
5. Outline the broad terms of product specifications and Off-take arrangements with Chinese smelters

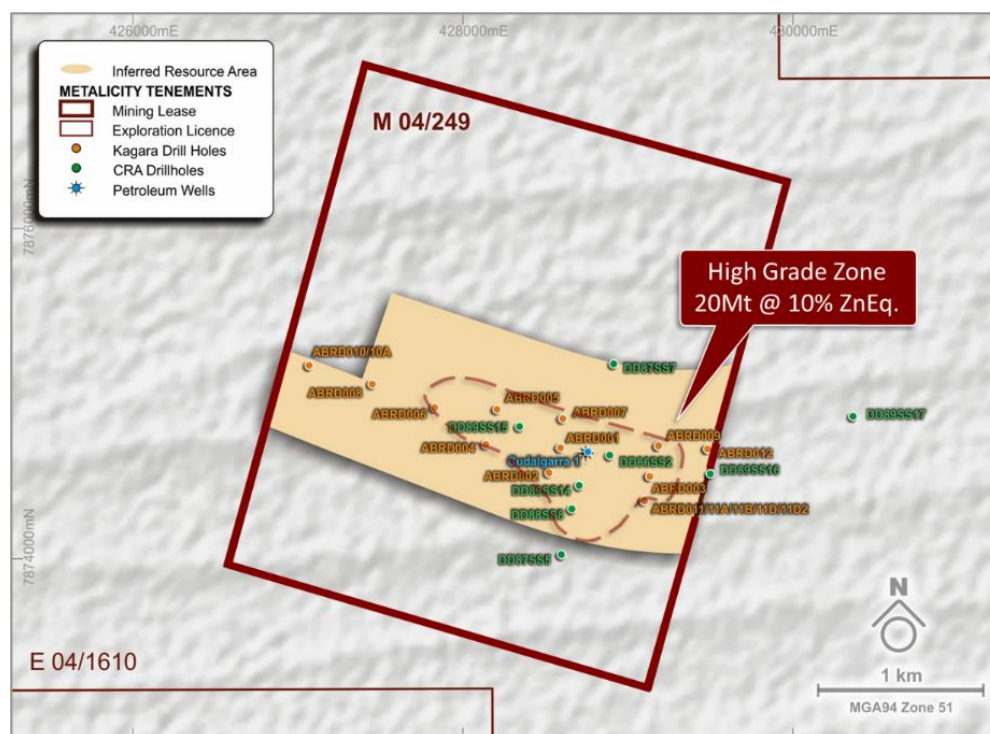
Figure 1: Admiral Bay Zinc Project: MRE and ETR in plan view



Source: Metalicity

The Exploration Target Range (ETR) stated above is conceptual in nature and the potential quantities and grades are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resources Estimate and it is uncertain whether further exploration will result in the estimation of Mineral Resources.

Figure 2: Admiral Bay Zinc Project: High Grade Zone



Source: Metalicity

ENQUIRIES

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About Metalicity Limited

Metalicity Limited is an Australian mining exploration company with a primary focus on base metals sector and the development of the world class Admiral Bay Zinc Project, and the Lennard Shelf Zinc Project(s), both located in the north west of Australia. The company is currently undertaking a Pre-Feasibility study on Admiral Bay and preparing for an extensive drilling program on the Lennard Shelf Project(s). The Company's secondary focus is the lithium and conalt sector where early stage exploration has commenced. The Company is supported by a management team with 300+ years collective experience in the resources sector and strong shareholder and stakeholder base of international private equity, institutional and sophisticated investors.