

ASX RELEASE: 29 MAY 2018

KIMBERLEY MINING TSX-V LISTING UPDATE

HIGHLIGHTS

- Metalicity Limited (“Metalicity”) has agreed to terms for the sale and purchase of the Admiral Bay, Napier Range and Emanuel Range Zinc Projects (“Zinc Projects”) with Kimberley Mining Limited (“Kimberley Mining”)
- Metalicity will effectively vend the zinc projects into Kimberley Mining in exchange for C\$32.5M cash and shares¹ (up to C\$12.5M cash and retaining 25M shares approximate value of C\$20M), subject to Metalicity shareholder and Australian and Canadian Regulatory approval
- Metalicity will retain approximately 40% of the expanded capital of Kimberley Mining post the Initial Public Offering (IPO) on the TSX-V and the targeted C\$25M capital raising² which will be used to advance drilling and feasibility studies primarily on the Admiral Bay Zinc Project
- Kimberley Mining is represented by 3 Toronto based Directors, including a President and Chief Executive Officer, and 3 Perth based directors representing Metalicity (see ASX:MCT 09/05/18)
- Kimberley Mining has recently received stamp duty exemption from the Office of State Revenue on the purchase of the zinc projects, saving approximately A\$2M in stamp duty tax liabilities
- A Notice Of Meeting (NOM) specifying the resolutions to approve the transaction will be dispatched to Metalicity shareholders in approximately 1 week following ASX and ASIC review of the NOM
- Metalicity and Kimberley Mining have both been approached by numerous global investment banks to complete the broker syndicate for the IPO, which is forecast to take place in September 2018

Metalicity Limited (**ASX:MCT**) (“**MCT**” or “**Company**”) is pleased to report that it has agreed to the terms for the sale and purchase of the Admiral Bay, Napier Range and Emanuel Range Zinc Projects (“Zinc Projects”) with Kimberley Mining Limited (“Kimberley Mining”) for the sum of approximately C\$32.5M cash/shares, subject to shareholder and regulatory approval and completion of the IPO on the TSX-V.

Metalicity Managing Director Matt Gauci said:

“The terms agreed are a win-win for both Metalicity and Kimberley Mining. Following Metalicity shareholder approval, Kimberley Mining will be well established to rapidly progress the IPO process which will best allow the progression of Admiral Bay in a market of higher valuations for base metals projects of Admiral Bay’s scale and in an increasingly tight zinc market. The agreed terms follow very strong market interest and engagement of leading North American mining investment firms, the appointment of a highly credible board, and endorsement of project stakeholders Resource Capital Funds (RCF) and China Minmetals (Minmetals)”.

TERMS OF THE SALE AND PURCHASE OF METALICITY ZINC PROJECTS

The vend valuation and consideration of the “zinc projects” is as follows:

- Metalicity retains approximately 40% of Kimberley Mining post IPO, being C\$20M in equity; and
- Kimberley Mining to pay Metalicity up to C\$12.5M in cash via the following mechanisms:
 - C\$0.5M at the completion of Seed Capital Raising
 - C\$4M at the completion of the IPO
 - Up to C\$5M 12 months from the IPO, conditional on certain share price hurdles³
 - Up to C\$3M 24 months from the IPO, conditional on certain share price hurdles⁴

TSX-V LISTING OF KIMBERLEY MINING

The spin out Admiral Bay onto the TSX-V has the following benefits for Metalicity Shareholders:

- The Admiral Bay project is fundamentally undervalued in an absolute and relative sense
- The Company has received numerous reverse enquiries from North American investors
- The Enterprise Value Per Tonne (EV/T) of a peer group of base metals assets and companies (with ownership of Admiral Bay’s scale) listed on the TSX-V is much higher than on the ASX
- Metalicity will retain a significant interest in Kimberley Mining following the listing on the TSX-V, retaining exposure to the upside
- The Kimberley Mining listing will provide the Projects with the capital requirements and a dedicated, experienced and highly credentialed team to allow the projects to progress
- Metalicity will execute a Technical Services Agreement with Kimberley Mining, delivering a consistent, local, experienced project development team.
- Metalicity will receive a significant cash component from the transaction and allow the company to focus on the exploration of its Yerrida Cobalt Project, and further M&A opportunities

Further details of the proposed transaction will be outlined in the Notice of Meeting to shareholders which will be distributed in approximately 1 week.

The very strong market interest and now (1) engagement of leading North American mining investment firms, (2) appointment of a highly credible board and (3) endorsement of project stakeholders, will best allow the progression of Admiral Bay in a market of higher valuations for base metals projects of Admiral Bay’s scale.

ADMIRAL BAY ZINC PROJECT SUMMARY

- The Admiral Bay Zinc Project is 100% owned by Metalicity and is one of the worlds largest zinc projects in development located in the word first jurisdiction of Western Australia
- The Mineral Resource Estimate (MRE) under JORC/NI-43101 currently stands at 170Mt at 7.5% ZnEq
- The Scoping Study undertaken by SRK concluded the project to be technically feasible
- Memorandum of Understanding (MOU) for Offtake and Project Development have been signed with China Minmetals and China NFC, some of the world’s largest zinc participants
- Metallurgical Testwork undertaken by China Minmetals confirmed the project may produce a high quality international saleable product with high recoveries, low impurities and high concentrate grade

PROCESS AND TIMETABLE

The broad process for effecting the listing of Kimberley Mining is:

- Metalicity shareholders to vote on approving the Proposed Transaction at an Extra-ordinary General Meeting (EGM) in the June Quarter 2018
- Kimberley Mining has appointed a CEO and President and additional Investment Banks to the syndicate in the June Quarter 2018
- Kimberley Mining will undertake an Initial Public Offer, in the September Quarter 2018.

The above process and timetable is indicative only and subject to shareholder and regulatory approval.

ENQUIRIES

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About Metalicity Limited

Metalicity Limited is an Australian exploration company with a primary focus on the base metals sector and the development of a pipeline of zinc projects including the large-scale Admiral Bay Zinc Project and the high-grade Napier Range Zinc Project, both located in the Kimberley region of Western Australia. The Company's secondary focus is the battery metals (lithium, cobalt and graphite) sector with exploration projects located in existing world class and/or emerging districts for lithium, cobalt and graphite. The Company is supported by a management team with significant collective experience in the resources sector as well as private equity, institutional and retail funds.

1. C\$12.5M cash as per foot note 3, 4, C\$20M equity based on 25M shares of 65.45M total shares on issue, C\$25M capital raising at IPO of C80c per share.
2. Targeted C\$25M capital raising at IPO of C80c per share
3. 12 months from IPO (assuming \$0.80 IPO):
 - if KML share price <\$0.40; MCT does not receive this cash component
 - If KML share price is \$0.40; MCT receives C\$1m cash
 - If KML share price is \$0.80; MCT receives C\$3m
 - If KML share price >\$1.60; MCT receives C\$5m
 - If KML share price between \$0.40 and \$1.60; MCT receives cash on sliding scale (i.e. if KML share price is \$1.00; MCT gets C\$3.5m)
4. 24 months from IPO: (assuming \$0.80 IPO):
 - if KML share price <\$0.40; MCT does not receive this cash component
 - If KML share price is \$0.40; MCT receives C\$1m cash
 - If KML share price is \$0.80; MCT receives C\$2m
 - If KML share price >\$1.60; MCT receives C\$3m
 - If KML share price between \$0.40 and \$1.60; MCT receives cash on sliding scale

Share price based on last 20 business days VWAP

1 Canadian Dollar = 1.02 Australian Dollars.