

Date: 31 January 2023

December 2022 Quarterly Activities Report – Metalicity Limited

EXPLORATION HIGHLIGHTS

Mt Surprise and Georgetown Projects

- Maiden field mapping and sampling programme completed at the Mt Surprise Project (EPM 28052) to verify historic mineralisation results. Significant returned rock chip assay results include:
 - 20.75% Cu, 41.7% Ag
 - 11.65% Cu, 138.3ppm Co, 10.34 g/t Ag
 - 10.06% Cu, 293ppm Co, 39.57 g/t Ag, 0.48 g/t Au
 - 6.48% Cu, 170.6ppm Co, 66.39 g/t Ag, 0.19 g/t Au
 - 2.33% Cu, 650.3ppm Co, 10.66 g/t Ag, 0.26 g/t Au as well as,
 - 2.94% Pb, 44.97 g/t Ag, 0.2% Zn
 - 1.14% Pb, 21.01 g/t Ag, 0.2% Zn
- A second exploration programme consisting of ultrafine, low detection level soil sampling was conducted over three exploration targets prospective for copper, base metal and lithium mineralisation.
- Rock chip samples were collected from two previously unidentified copper and base metal historical workings. Significant rock chip assay results included:
 - 11.15% Cu, 392ppm Co
 - 2.77% Pb, 60.1 g/t Ag
 - 1.12% Pb
 - 86g/t Ag
- Metalicity secured a third prospective mineral exploration permit application (EPM 28653), adjacent to its Mt Surprise Project (EPM 28052), following the initial fieldwork programmes, which identified a significant copper trend which has the potential to extend the copper/cobalt mineralisation in excess of 5km.

Kookynie and Yundamindra Projects

- 1m resampling of 4m composite Air Core (AC) drilling sample results from the McTavish South Prospect at the Kookynie Gold Project confirmed significant widths and better-defined high-grade intercepts. Highlights include:
 - MCTSAC0020 – 7m @ 2.40 g/t Au from 29m; including 2m @ 4.27 g/t Au from 30m
 - MCTSAC0021 – 10m @ 1.89 g/t Au from 69m; including 2m @ 5.33 g/t Au from 69m.
 - MCTSAC0024 – 8m @ 1.38 g/t Au from 21m; including 1m @ 4.14 g/t Au from 23m.
 - MCTSAC0028 – 1m @ 4.2 g/t Au from 30m, 1m @ 7.61 g/t Au from 34m and 1m @ 2.4 g/t Au from 53m.

CORPORATE

- Appointment of Mr Steven Wood as an Independent Non-Executive Director.
- Retirement of Mr Andrew Daley from the Board, effective as at the date of the Company's 2022 AGM.
- Metalicity continues to seek recovery through the Supreme Court of unpaid cash calls amounting to approximately \$1.6 million owed by Joint Venture Partner Nex Metals Exploration Limited ("NME" or "Nex Metals"), with the next hearing scheduled on 15 February 2023.
- The Wardens Court hearing relating to the Yundamidra claim by MCA Nominees Pty Ltd (lodged prior to MCT entering into the Farm-In and JV Agreement with Nex Metals) was adjourned until 8 March 2023, at which time it is anticipated that the Warden will deliver her decision on a no case submission made by NME.
- During the quarter, the Supreme Court heard and concluded that there would be no utility in making any orders in respect of the NME AGM held 31 March 2022, with costs awarded against the Company.
- Appointment of Ms Kate Breadmore and Mr James Doyle as Joint Company Secretaries following the resignation of Mr Nick Day.

Metalicity Limited (ASX: MCT) ("Metalicity" or "Company") is pleased to provide the Quarterly Activities Report for the period ending 31 December 2022.

Commenting on the Quarter, Metalicity Managing Director, Justin Barton said:

"With the start of the new year, Metalicity is looking forward to pushing ahead with exploration at the exciting Mt Surprise and Georgetown projects. With copper, cobalt and lithium continuing to be key commodities turning into the 2023 year, we are really excited to have identified a significant copper/cobalt trend with high grade rock chip samples of over 20% Cu and up to 650ppm Co. Work to date has identified that the potential prospective area for copper mineralisation has a trend of up to 5km+ with mineralisation open at depth and along strike, with a potential width of over 650 metres. We have already begun planning for the next phase of exploration."

"The highly prospective Georgetown Lithium Prospect is also anticipated to be granted early in 2023, and we are eagerly awaiting to commence work on this tenure. The tenure remains sparsely explored and is considered prospective for various lithium minerals, including spodumene, with historical mapping identifying multiple outcropping pegmatites and other felsic intrusives hosted in metasediments over a strike-length of several kilometres."

Mt Surprise and Georgetown Projects

The Mt Surprise project covers a large area approximately 165km from the city of Cairns, Queensland and 57 km northeast of the town of Mt Surprise (Figure 3). The Georgetown project is a large tenement application located 70km southwest of the Company's Mt Surprise project and both are serviced by excellent infrastructure in the area and easy access.

During the quarter, the Company undertook a maiden field reconnaissance program consisting of mapping and rock chip sampling, identifying copper and base metal mineralisation from historic workings as well as gossans outcropping at surface respectively^{1, 2} (Figures 1 & 2). Assay results from these samples confirmed grades identified in historic exploration reporting and helped refine future exploration targets.



Figure 1. Historic Copper Workings

Following return of assay results from initial rock chip sampling, a targeted low detection level soil sampling program was undertaken to investigate the potential extent of copper and base metal prospects identified in the maiden field program, as well as an area identified as potentially prospective for lithium. A targeted soil approach was selected over a holistic regional program, as timing to complete the field work was limited before the onset of the wet season in North Queensland. In addition to the soil sampling program, the field geologists identified additional occurrences of historic workings of both copper and base metal mineralisation which were sampled and dispatched for analysis with results expected next quarter (Figure 2)³.

¹ Please refer to ASX announcement “Maiden Exploration Programme Completed at Mt Surprise Lithium Project Uncovers Abundant Copper Mineralisation at Surface” dated 26 October 2022.

² Please refer to ASX announcement “High Grade Copper Results from Outcropping Gossan Rock Chips at Mt Surprise” dated 14 November 2022.

³ Please refer ASX announcement “Soil Sampling Programme Completed at Mt Surprise Following up High Grade Rock Chips up to 11.65% Copper” dated 30 November 2022.

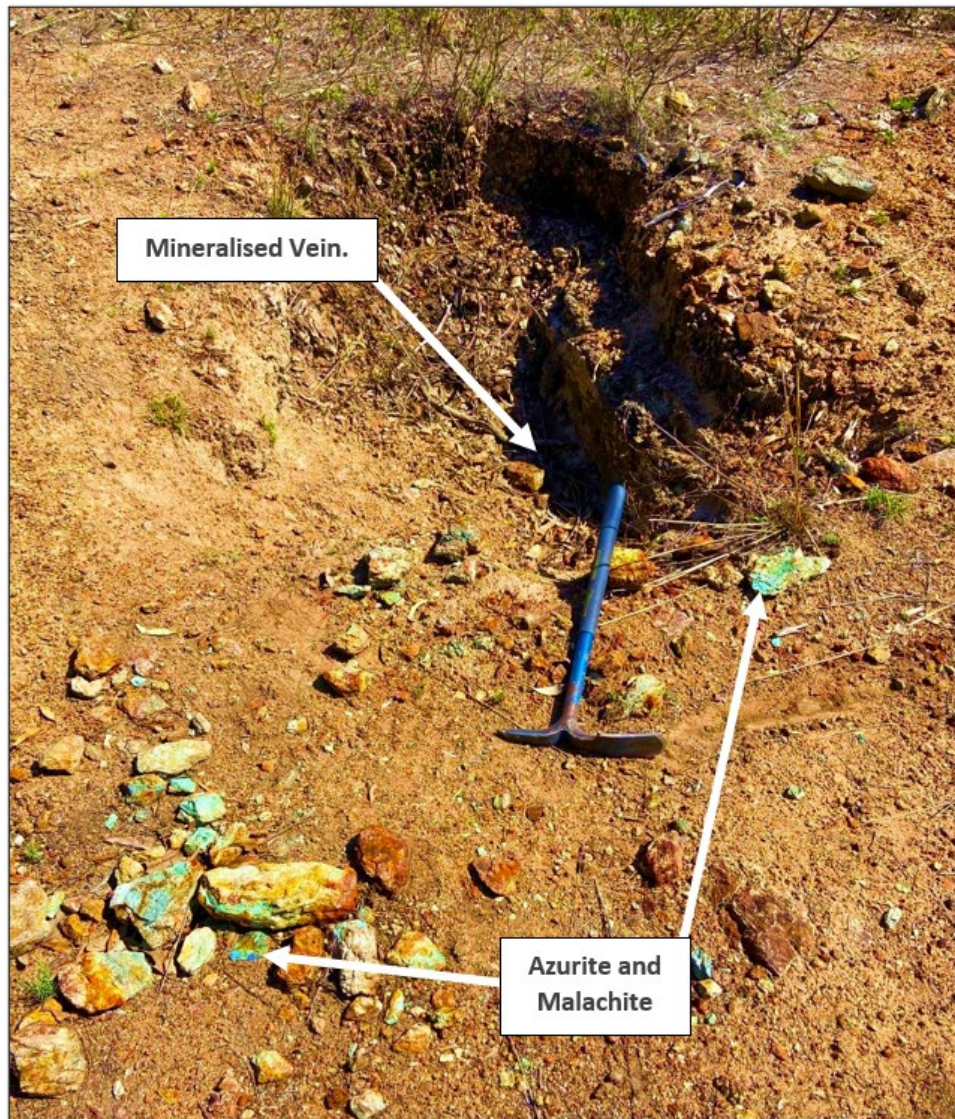


Figure 2. In situ vein hosted copper mineralisation as azurite (blue) with malachite (green). Soil sampling pick for scale.

During the quarter, Metalicity also secured a third prospective exploration permit application, comprising of 35km² of vacant ground, adjacent to its Mt Surprise Project (EPM 28052) (Figure 3). The new exploration permit, EPM 28653, is sparsely explored and considered to be highly prospective in nature due to its location directly along strike from the Company's recently identified copper trend at the Mt Surprise Project.

Metalicity has taken the opportunity to acquire available tenure following the recent positive exploration results from field reconnaissance, sampling and observations at the Company's Mt Surprise Project. Once granted, the new exploration permit will significantly add to the area and prospectivity of the Company's exploration tenure in this exciting and under explored region of North Queensland.

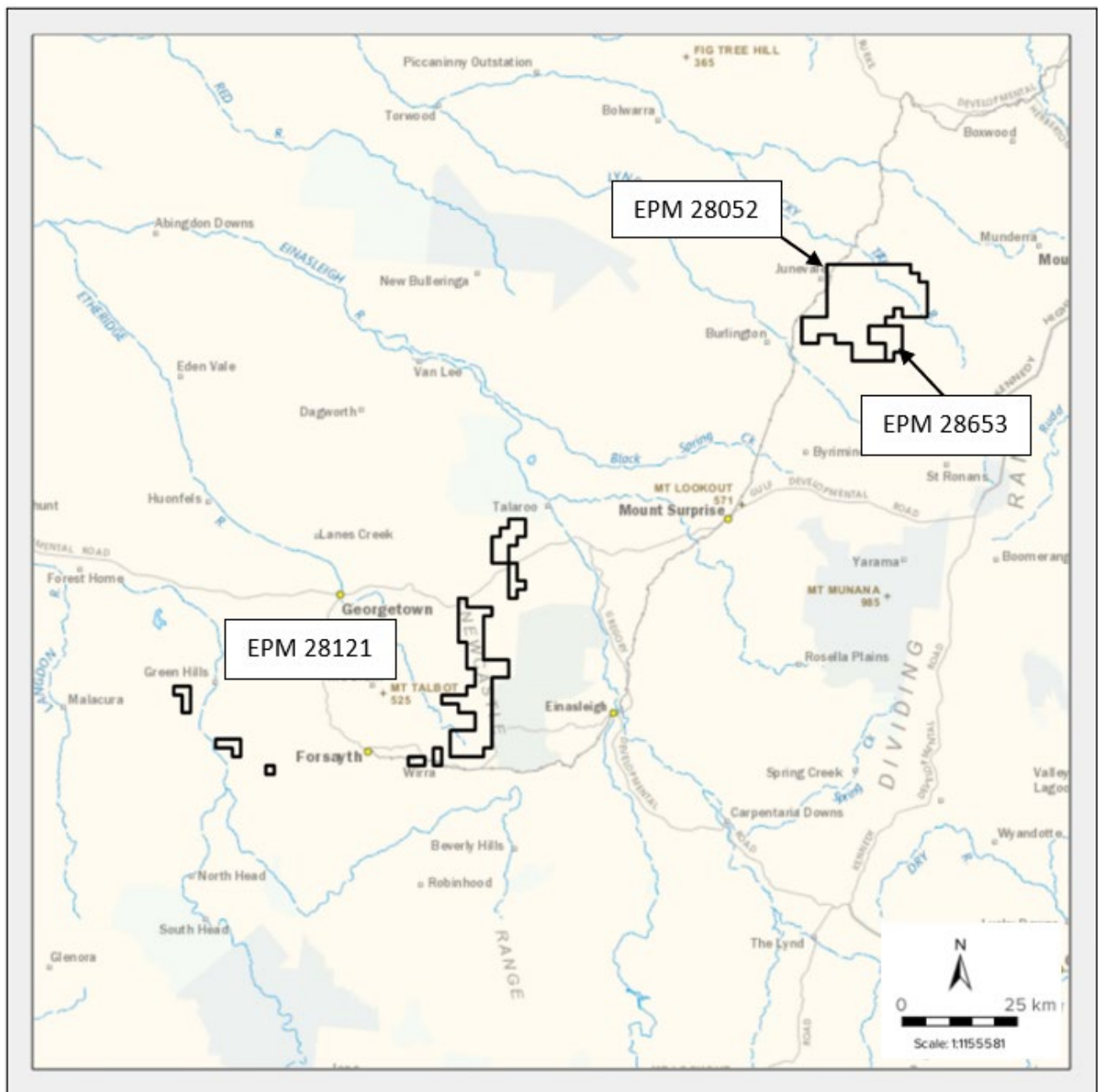


Figure 3. Granted EPM 28052 and Applications EPM 28121 and EPM 28653. Mt Surprise Georgetown Projects Locality Map.

Kookynie and Yundamindra Gold Projects

Metalicity has continued to actively develop the Kookynie and Yundamindra Gold Projects, located in the Goldfields district of Western Australia. These projects comprise the Kookynie & Yundamindra JV with Nex Metals, for which Metalicity has a direct 51% and controlling interest (plus its additional indirect interest in these projects held via Nex Metals shares).

The Kookynie Project, which is located approximately 60 km south of Leonora is host to seven large-producing historical mines: Champion, McTavish, Leipold, Altona, Diamantina, Cosmopolitan and Cumberland.

During the quarter, Metalicity received the 1m Air Core (AC) re-split samples from the initial 4m composite samples from the McTavish South Prospect as well as all other Reverse Circulation (RC) and AC drilling from earlier in 2022 at the Kookynie Gold Project⁴.

The 1m samples identified internal higher-grade zones of gold mineralisation within the significant intersections, as well as provided greater definition of previous lower grade anomalous occurrences (Figure 4). Gold mineralisation is situated along a north-south trending structure that was interpreted from detailed aeromagnetic surveys undertaken by the Company, as well as detailed reviews of recent and historic exploration information.

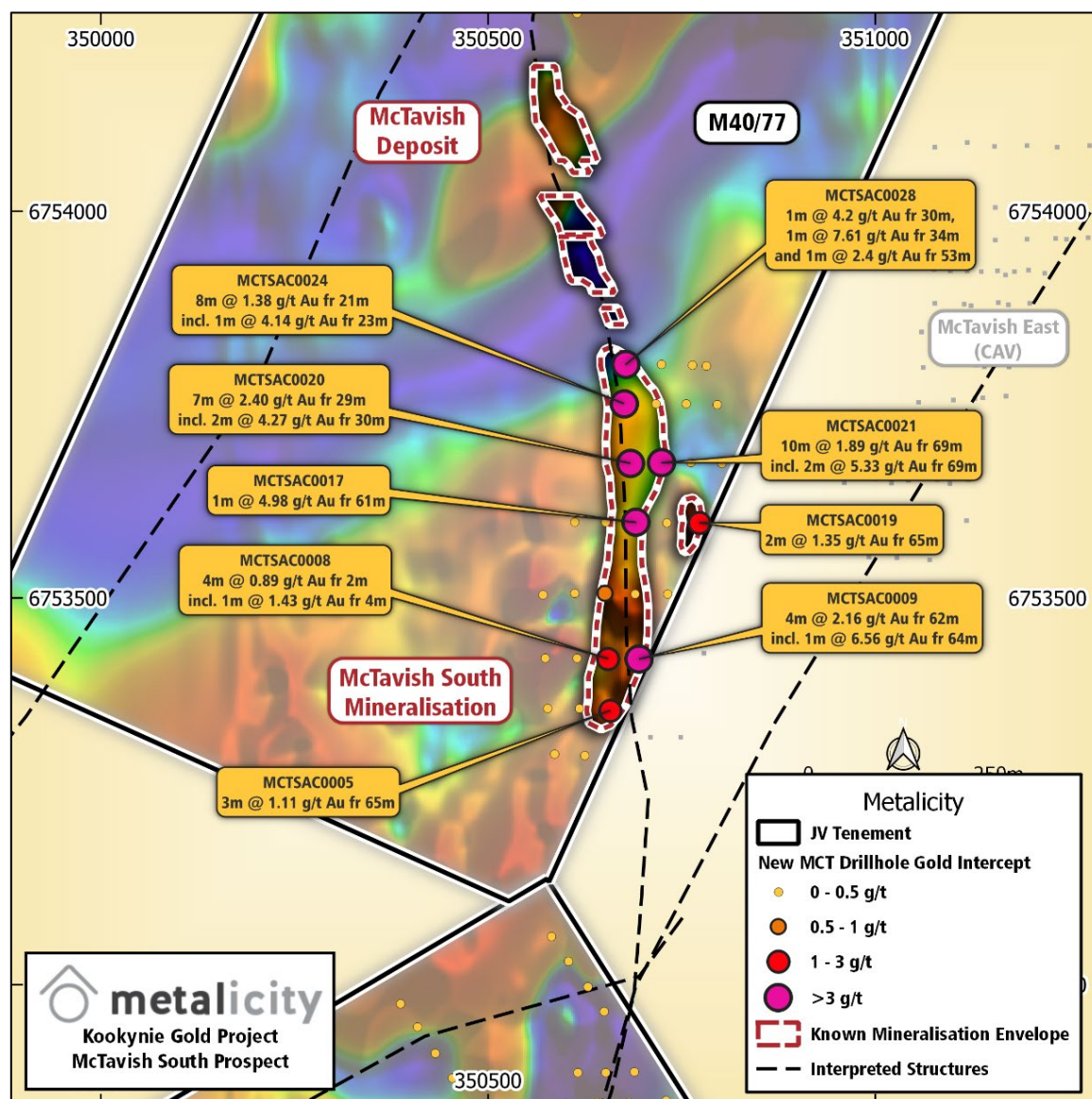


Figure 4. McTavish South Prospect Drill Collars Plan Layout. Base map layer is a magnetic intensity first vertical derivative of the reduced to the pole pseudocolour mapping with directional sun shading from the northeast.

⁴ Please refer ASX Announcement "Significant High-Grade Intercepts from McTavish South Resampling" dated 4 October 2022.

Drilling results from all exploration targets within the Project area returned several anomalous mineralisation and confirmation of potential host structures for narrow vein gold. These results also supported the Company's exploration model to identify and target potential near surface host structures and areas of associated mineralisation can be confidently extrapolated.

Results for 4 RC drillholes in proximity to the Leipold East Hangingwall mineralisation successfully intersected the host structure identified in earlier drilling, however returned narrow lower grade mineralisation. These results indicate that mineralisation is very discrete and follows the common trend of southerly plunging mineralised shoots associated with north-south oriented local gold deposits and prospects and that the hangingwall area of Leipold remains a viable exploration target.

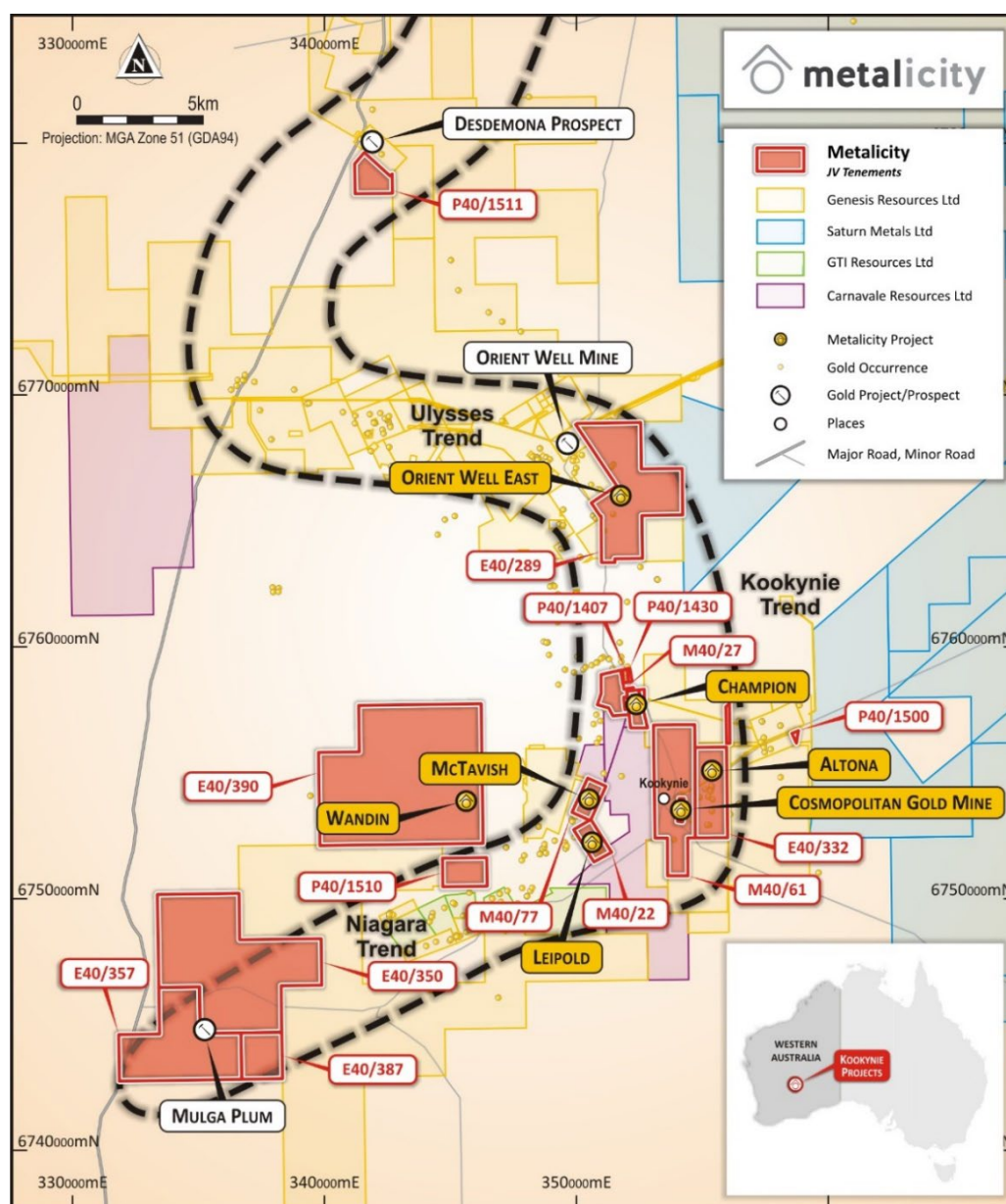


Figure 5. Kookynie Prospect Locality Map with mineralised trends.

No exploration activities were undertaken at the Yundamindra Project during the quarter as the associated tenements are currently under plaintiff.

Kimberley Mining Limited – Admiral Bay (circa 80.3% holding)

The Admiral Bay asset is on care and maintenance and no exploration activities were undertaken during the quarter.

Corporate & Financial

Metalicity continues to seek recovery through the Supreme Court of unpaid cash calls amounting to approximately \$1.6 million owed by our Joint Venture Partner, Nex Metals. The directions hearing is scheduled to be heard on 15 February 2023.

The Wardens Court hearing relating to the Yundamidra plaint made by MCA Nominees Pty Ltd against Nex Metals (lodged prior to Metalicity entering into the Farm-In and JV Agreement with Nex Metals) was heard from 5 to 7 December 2022, with MCA Nominees submitting their case and Nex Metals lodging a no case submission. The Court was adjourned until 8 March 2023, at which time it is anticipated that the Warden will deliver her decision on a no case submission made by Nex Metals.

During the quarter, the Supreme Court case initiated by Metalicity in respect of the Nex Metals Annual General Meeting (AGM) of 31 March 2022 and Extraordinary General Meeting (EGM) of 25 July 2022 was heard and ruled upon.

The Court found that as contended by Metalicity, several proxies for the AGM “were not effective and should not have been accepted at the AGM.”⁵ These in part were the proxies lodged online by the Managing Director of Nex Metals, Mr Ken Allen, purporting to be on behalf of other shareholders without clear authority. The Court also found that at the time of the AGM, Mr Allen had an undisclosed relevant interest of 14.49% of the issued shares of Nex Metals. However, unfortunately the Court went on to hold that despite the issues of the AGM, there would be no utility in making any orders in respect of the AGM as these would not impact or overturn the resolutions that were later validly passed at the EGM. Cost have been awarded against Metalicity.

Supreme Court proceedings regarding the issue of shares announced by Nex Metals on 29 September 2022 were dismissed by consent of both parties in January 2023, with each party bearing their own costs.

The Company has \$1.528 million cash on hand at 31 December 2022.

Exploration expenditure during the quarter was ~\$322,000. Full details of exploration activities during the quarter are in this report. Payments to related parties of the company and their associates during the quarter was ~\$23,000, representing Director Fees, PAYG and superannuation in accordance with the director remuneration packages. Directors elected to accrue the majority of their fees for the half year to 31 December 2022.

At the AGM in November 2022, long standing Director and Chairman Mr Daley did not seek re-election and retired from the Company, with the Board appointing Mr Steven Wood as independent Director and Mr Barton taking on the role of acting Chairman. In addition, due to personal reasons, Mr Nick Day also tendered his resignation as Company Secretary during the quarter. Company CFO, Ms Kate Breadmore, and Mr James Doyle were appointed joint company secretaries, effective 1 December 2022.

⁵ Please refer ASX Announcement “Outcome of Challenge to Nex Metals AGM & EGM” dated 12 October 2022.

33,333,334 ordinary fully paid shares were issued to Astralis Resources Pty Ltd on 20 October 2022, as consideration for the purchase of EPM 28053 (Mt Surprise project) and were under a 3-month voluntary escrow which has now lifted.

66,434,110 Unlisted Performance Rights lapsed during the quarter, comprising 29,679,144 exercisable when upon achievement a 20-day volume weighted average price (VWAP) of \$0.04 and 36,754,966 exercisable upon achievement of a 20-day VWAP of \$0.06, expiring on 18/12/2022.

10,000,000 Unlisted Performance Rights were issued on 20 December 2022, as part of an employee incentive program, with 5,000,000 exercisable upon the Company achieving a share price of greater than \$0.015 for 5 consecutive days and 5,000,000 exercisable upon the Company achieving a share price of greater than \$0.025 for 5 consecutive days. Both expiring on 20 December 2025.

This Announcement is approved by the Board of Metalicity Limited.

ENQUIRIES

Investors

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Metalicity confirms that the Company is not aware of any new information or data that materially affects the information included in the relevant previous market announcements and, in the case of “exploration results” that all material assumptions and technical parameters underpinning the “exploration results” in the relevant announcements referenced apply and have not materially changed.

Competent Person Statement

For relevant Competent Person Statements, please refer to the announcements referenced in the above report.

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.

Tenement Schedule

Please Note all Kookynie and Yundamindra Tenements will be 51% Metalicity and 49% Nex Metals as per ASX Announcement "Metalicity Achieves Earn-In On The Kookynie & Yundamindra Gold Projects" dated 20 May 2021 with Nex Metals Explorations Ltd, ASX:NME.

| Tenement | Registered Holder | Shares Held | Plainted | Status | Area (ha) | Nature of Interest | Interest |
|-----------------------------|---------------------------------|---------------|----------|--------|-----------|--------------------|------------------|
| Kookynie | | | | | | | |
| P40/1331 | KYM Mining Limited | 100/100 | No | Live | 161.2 | Direct Holding | 51% ¹ |
| E40/390 | KYM Mining Limited | 100/100 | No | Live | 3,300.0 | Direct Holding | 51% ¹ |
| E40/350 | KYM Mining Limited | 100/100 | No | Live | 2,394.0 | Direct Holding | 51% ¹ |
| E40/357 | KYM Mining Limited | 100/100 | No | Live | 1,194.0 | Direct Holding | 51% ¹ |
| P40/1407 | KYM Mining Limited | 100/100 | No | Live | 10.0 | Direct Holding | 51% ¹ |
| P40/1430 | KYM Mining Limited | 100/100 | No | Live | 9.9 | Direct Holding | 51% ¹ |
| P40/1510 | Metalicity Limited | 100/100 | No | Live | 185.0 | Direct Holding | 51% ¹ |
| P40/1511 | Metalicity Limited | 100/100 | No | Live | 176.7 | Direct Holding | 51% ¹ |
| E40/387 | Metalicity Limited | 100/100 | No | Live | 299.0 | Direct Holding | 51% ¹ |
| G40/3 | Nex Metals Explorations Limited | 100/100 | No | Live | 7.2 | Earnt In | 51% ¹ |
| L40/9 | Nex Metals Explorations Limited | 100/100 | No | Live | 1.0 | Earnt In | 51% ¹ |
| E40/332 | Nex Metals Explorations Limited | 100/100 | No | Live | 600.0 | Earnt In | 51% ¹ |
| M40/22 | Nex Metals Explorations Limited | 100/100 | No | Live | 121.7 | Earnt In | 51% ¹ |
| M40/27 | Nex Metals Explorations Limited | 100/100 | No | Live | 85.5 | Earnt In | 51% ¹ |
| M40/61 | Nex Metals Explorations Limited | 100/100 | No | Live | 832.7 | Earnt In | 51% ¹ |
| M40/77 | Nex Metals Explorations Limited | 90,405/90,405 | No | Live | 119.2 | Earnt In | 51% ¹ |
| P40/1499 | Nex Metals Explorations Limited | 100/100 | No | Live | 8.3 | Earnt In | 51% ¹ |
| P40/1500 | Nex Metals Explorations Limited | 100/100 | No | Live | 5.9 | Earnt In | 51% ¹ |
| P40/1501 | Nex Metals Explorations Limited | 100/100 | No | Live | 21.1 | Earnt In | 51% ¹ |
| E40/289 | Paris Enterprises Pty Ltd | 100/100 | No | Live | 1,222.7 | Earnt In | 51% ¹ |
| Kookynie Total Area (ha) | | | | | 10,861.9 | | |
| Yundamindra | | | | | | | |
| L39/34 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 1.0 | Earnt In | 51% ¹ |
| L39/52 | Nex Metals Explorations Limited | 96/96 | Yes | Live | 1.0 | Earnt In | 51% ¹ |
| L39/258 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 3.2 | Earnt In | 51% ¹ |
| M39/84 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 378.0 | Earnt In | 51% ¹ |
| M39/274 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 230.0 | Earnt In | 51% ¹ |
| M39/406 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 124.0 | Earnt In | 51% ¹ |
| M39/407 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 896.0 | Earnt In | 51% ¹ |
| M39/408 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 785.0 | Earnt In | 51% ¹ |
| M39/409 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 966.0 | Earnt In | 51% ¹ |
| M39/410 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 978.0 | Earnt In | 51% ¹ |
| M39/839 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 7.3 | Earnt In | 51% ¹ |
| M39/840 | Nex Metals Explorations Limited | 100/100 | Yes | Live | 9.7 | Earnt In | 51% ¹ |
| P39/6126 | Nex Metals Explorations Limited | 100/100 | No | Live | 10.4 | Earnt In | 51% ¹ |
| P39/6127 | Nex Metals Explorations Limited | 100/100 | No | Live | 5.6 | Earnt In | 51% ¹ |
| E39/1773 | Paddick Investments Pty Ltd | 100/100 | Yes | Live | 903.0 | Earnt In | 51% ¹ |
| E39/1774 | Paddick Investments Pty Ltd | 100/100 | Yes | Live | 2,517.0 | Earnt In | 51% ¹ |
| Yundamindra Total Area (ha) | | | | | 7,815.1 | | |

| Tenement | Registered Holder | Status | Area | Nature of Interest | Interest |
|-----------------------------|----------------------------|--------|----------|----------------------|----------|
| Queensland Lithium Projects | | | | | |
| EOM 28052 | Astralis Resources Pty Ltd | Live | 32500 ha | MCT Beneficial owner | 100% |
| EPM 28121 | Astralis Resources Pty Ltd | App. | 29250 ha | MCT Beneficial owner | 100% |
| EPM 28653 | Metalicity Energy Pty Ltd | App. | 3575 ha | MCT Beneficial owner | 100% |

Below is the full tenement Schedule for the Admiral Bay Project held by Kimberley Mining Australia Pty Ltd

| Tenement | Registered Holder | Status | Area | Nature of Interest | Interest |
|-------------|------------------------------------|--------|-----------|-----------------------|----------|
| Admiral Bay | | | | | |
| E 04/1610 | Kimberley Mining Australia Pty Ltd | Live | 42 Blocks | Holding in Subsidiary | 80.3% |
| M 04/244 | Kimberley Mining Australia Pty Ltd | Live | 796.4 ha | Holding in Subsidiary | 80.3% |
| M 04/249 | Kimberley Mining Australia Pty Ltd | Live | 843.85 ha | Holding in Subsidiary | 80.3% |