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ASX Code: MCT
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Management Q&A on Zinc and Lithium Project Developments

Metalicity Limited (**ASX:MCT**) ("**MCT**" or " **Company**") is pleased to announce a recent management Q&A regarding the Company's development of the world class Admiral Bay Zinc Project, located in the north west of Australia and the recent addition of one of Australia's largest and most prospective portfolios of Lithium projects located throughout world class lithium districts in WA.

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, located in the north west of Australia. The company is currently undertaking a scoping study on Admiral Bay due to be completed by March 2016. The Company's secondary focus is the rare metals sector with the recent addition of the Pilgangoora South Lithium Project and the Munglinup North Graphite Project where early stage exploration has commenced. The Company is supported by a management team with more than 200 years collective experience in the resources sector.

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Interview with Managing Director, Matt Gauci

In this interview, Matt Gauci (Managing Director) of Metalicity Limited provides a detailed overview of plans for its recently acquired lithium projects, together with short, medium and long-term growth opportunities, including development of the Admiral Bay Zinc project – Australia's largest undeveloped zinc deposit.

Key highlights from the interview include:

- Metalicity is anticipating positive news for the Admiral Bay Zinc Project in the March Quarter 2016 with the completion of the Scoping Study, a resource update and progress with potential partner discussions.
- The Company has also recently secured more than 2,000km^2 of tenements in world class lithium districts, giving it one of Australia's largest lithium project portfolios.
- The Company has assembled an experienced exploration team with expertise in lithium, developed an effective in-house project generation model and is well funded for exploration.
- In particular, the Stannum Project includes the recently identified L1 and L2 lithium targets within the Wodgina Greenstone Belt, where outcropping pegmatites have been identified over a significant strike length of 5km and where spodumene and rock chip samples to 1.62% LiO2 have been previously reported.
- The L1 and L2 targets at Stannum have been prioritized for drilling and although exploration is at an early stage, there is very good potential for the discovery of economic lithium deposits.
- With the current 16% year on year lithium demand growth and the continuing fast growing requirement for electric car and energy storage batteries, significant supply constraints are expected to support higher world lithium prices over the medium term.
- With approximately $5m of cash Metalicity is well funded to continue to develop its portfolio of projects.

Record of interview:

Q: Admiral Bay is the primary focus for MCT. What upcoming news is there for Admiral Bay and where do you see the zinc market heading?

A: Matt:

We have some important milestones and exciting news for Admiral Bay in the March Quarter 2016, including a resource update and completion of a scoping study. At the same time we are continuing our discussion with a number of potential project partners. We are developing one of the largest zinc systems in the world and we expect results in the coming weeks will provide project improvements, particularly having re-built the geological model. We are assessing two new zones outside the existing mineral resource estimate that have the potential to increase the current inferred mineral resource estimate of 72Mt at 6.7% ZnEq. With so many major zinc mines being mothballed, the sector is experiencing a significant supply adjustment and we expect fundamentals will continue to improve as we develop the project and engage with potential partners.

Q: Metalicity has emerged with one of Australia's largest portfolio of lithium exploration projects and achieved a significant market response. What was the reason for diversifying into lithium?

A: Matt:

During 2015 we recognized an opportunity to maximize value for shareholders by rapidly establishing a portfolio of high quality lithium projects at a time of significant re-rating in the lithium carbonate price. We have assembled an experienced exploration team with expertise in lithium, developed an effective in-house project generation model and acquired more than 2,000km^2 of tenements in world class lithium districts. MCT now has a dominant tenement position in the world's best lithium districts at Pilgangoora in the Pilbara Region of WA and Greenbushes in the South West of WA. The positive market response reflects the quality of these assets, our first mover advantage, the significant demand for lithium projects and the lithium expertise in Australia.

Q: What are the highest priority lithium targets and what is the potential for MCT to make a lithium discovery?

A: Matt:

The Stannum Project will be our primary focus. It includes the recently identified L1 and L2 lithium targets within the Wodgina Greenstone Belt, where outcropping pegmatites have been identified over a significant strike length of 5km and where spodumene and a lithium rock chip sample of 1.62% Li_2O was previously reported. The project area adjoins the lithium-tantalum operations of Global Advanced Metals (GAM). The Pilgangoora deposit discovered by Pilbara Minerals covers a similar strike of pegmatites over 5km and contains one of the largest hard rock lithium deposits in the world. Both Stannum and Pilgangoora were GAM projects where the focus was originally tantalum, rather than lithium. We have prioritised the L1 and L2 targets for drilling at Stannum and while exploration is at an early stage, from the evidence at hand, we believe there is very good potential for the discovery of economic lithium deposits.

Q: **MCT has developed an extensive database and in-house exploration targeting model for lithium in Western Australia. How effective has this been?**

A: **Matt:**

We have established an extensive database of occurrences, prospects and geological targets considered prospective for lithium in Western Australia, including a targeting model specific to lithium mineralisation. This has been very effective within areas we have acquired and we are actively using this model to evaluate additional areas of interest and to systematically assess the highest priorities for drilling. We expect that we have some of the best quality lithium projects in Australia with high potential for exploration success. Unlike many other minerals in Western Australia, there has been very little historical exploration for Lithium and it appears to be a very rare metal. Currently approximately 1% of pegmatites known in WA contain Lithium, and 1% of this lithium bearing pegmatites are spodumene. The projects we have acquired are prospective for and/or contain pegmatites, lithium occurrences and recorded spodumene.

Q: **How important is having highly experienced geologists and mining professionals to advance the projects in Western Australia?**

A: **Matt:**

MCT's people have significant experience in the lithium-tantalum-tin sector and we value this enormously. Our knowledge of the lithium sector has allowed us to be a first mover in acquiring highly prospective tenements in the right districts, based on good fundamentals. This experience will not only assist us with prioritising our targets for drilling, but allow us to advance the projects in line with expectations. We have since added to that skill base with an exploration team of more than 40 years of combined experience in industrial minerals including lithium in Western Australia. This includes experience at Sons of Gwalia, which effectively founded the lithium industry in Australia.

Q: **The fundamentals for lithium are excellent. Where do you see the lithium market going in 2016 and beyond?**

A: **Matt:**

We expect significant supply constraints at Greenbushes and delays in South American brine projects coming on stream will support higher lithium prices, especially while there is 16% year on year demand growth with a growing requirement for electric car and energy storage batteries. Unlike other commodities, the lithium sector has seen a recent rally in the lithium price. However, more importantly, future demand is likely to be strong, driven by the increasing uptake of lithium batteries. We are well placed with some of the best personnel in the mining industry to advance our projects in line with market expectations and we expect a strong demand for lithium in 2016 and for many years to come.

Q: **Is Metalicity sufficiently funded for lithium exploration and development of Admiral Bay?**

A: **Matt:**

MCT is sufficiently funded to explore the new project areas for outcropping and undetected pegmatites that may host rare metal mineralisation. Desktop surveys have commenced to refine target areas for field surveys, which will include geological mapping and geochemical sampling programs. Our initial exploration programs in these new project areas will be funded with the Company's existing cash in bank. Admiral Bay is also sufficiently funded as the work required at this stage is mostly studies, permitting and offtake discussions, rather than extensive drilling.

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Further information:

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