ASX RELEASE: 3 AUGUST 2016

LITHIUM EXPLORATION AT PILGANGOORA SOUTH

- **Potential for extensions of the world class Pilgangoora pegmatites identified at Turner River, adjoining the Pilgangoora Lithium deposits of Altura Mining Limited and Pilbara Minerals Limited**
- **Numerous outcropping pegmatites mapped and spodumene observed at Stannum, adjoining the world class Wodgina Tantalum-Lithium Operations of Mineral Resources Limited**
- **Second phase of systematic sampling followed by drill testing of both prospects being planned.**
- **Greenbushes, Lake Cowan and Nanutarra field programs ongoing.**
- **Lithium industry expertise enhanced with the engagement of Mr David Miller and Dr Marcus Sweetapple, in a business development and exploration capacity respectively.**

Metalicity Limited **(ASX:MCT) ("MCT" or "Company")** is pleased to announce completion of its first phase of detailed mapping and sampling at several of its Pilbara based lithium projects. This work forms part of a systematic program designed to discover significant pegmatite hosted deposits of lithium mineralisation, and will facilitate rapid drill testing of priority targets upon grant of the tenure which is anticipated from Q4, 2016.

Field exploration at Pilgangoora South included a comprehensive mapping and limited sampling program. This work formed part of the first phase of the Company's accelerated $1 million exploration program across its WA lithium projects (see ASX Announcement 10/5/16), and was followed by the company's Lithium MOU and $3m placement to a key member of the China Lithium Battery Association (see MCT ASX Announcement 6/6/16).

The key focus of this phase was the Pilgangoora South project which comprises two key prospects. The Turner River North prospect (Application E45/4675) adjoins the Pilgangoora lithium deposits of Pilbara Minerals Limited (ASX:PLS) and Altura Mining Limited (ASX:AJM), where the world's 2nd largest deposit of hard rock lithium has recently been defined. Recent field work has identified the potential for pegmatite extensions under thin cover adjoining these world class deposits within 2km.

The Stannum prospect Application (E45/4677) is located adjacent to the Wodgina Tantalum-Lithium Operations recently acquired by Mineral Resources Limited (ASX:MRL), where one of the world's largest hard rock tantalum resources is located along with established infrastructure including mine, plant, power, and water. Extensive outcropping pegmatites have been mapped at Stannum with spodumene (the preferred lithium bearing mineral) observed in the central pegmatite area of the tenement.

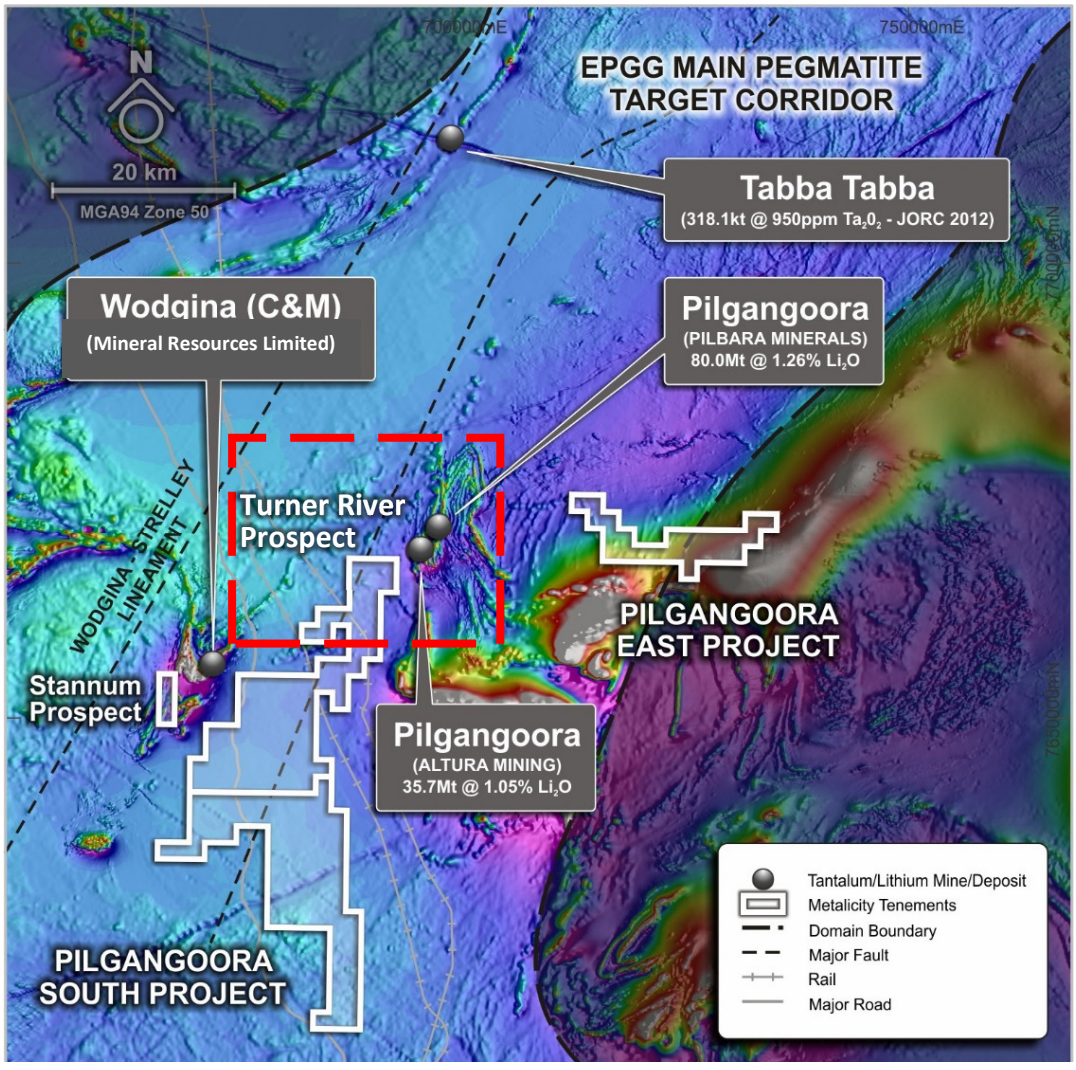
Additional professional expertise has been added to the Metalicity team to assist in its Business Development and Exploration endeavours. Mr David Miller is a Mining Engineer and Business Development Manager and holds a Bachelor of Engineering (Mining). He has more than 30 years' experience in the mineral resources sector, most recently as General Manager Strategy and Development for Global Advanced Metals and Talison Minerals, a global tantalum and lithium mining business with operations at Greenbushes and Wodgina, and will be assisting Metalicity in the evaluation of various lithium opportunities in Australia, Africa and South America.

Dr Marcus Sweetapple has been appointed to the exploration team having extensive experience with pegmatites in the Wodgina district in particular. Dr Sweetapple completed his PhD on rare metal pegmatites, and has authored or co-authored a number of papers on pegmatite related mineralisation in the North Pilbara area. He also completed a data and literature compilation of rare metal pegmatites of the Pilbara Craton for Geoscience Australia.

PILGANGOORA SOUTH LITHIUM EXPLORATION

The Archean pegmatites in this regional corridor have been sparsely drilled with limited assaying for lithium due to an historic focus on the tin and tantalum mineralisation. Fertile granites in the region provided source rocks for lithium-rich pegmatites, which have intruded the surrounding country rock exploiting pre-existing structures. The terrain is typically deeply eroded, exposing the pegmatites. However, in lower lying areas, cover material obscures bedrock.

Figure 1: East Pilbara Pegmatite Corridor, showing Metalicity Pilgangoora South Tenements Adjoining Pilgangoora and Wodgina. Area shown in Figure 2 outlined in red.

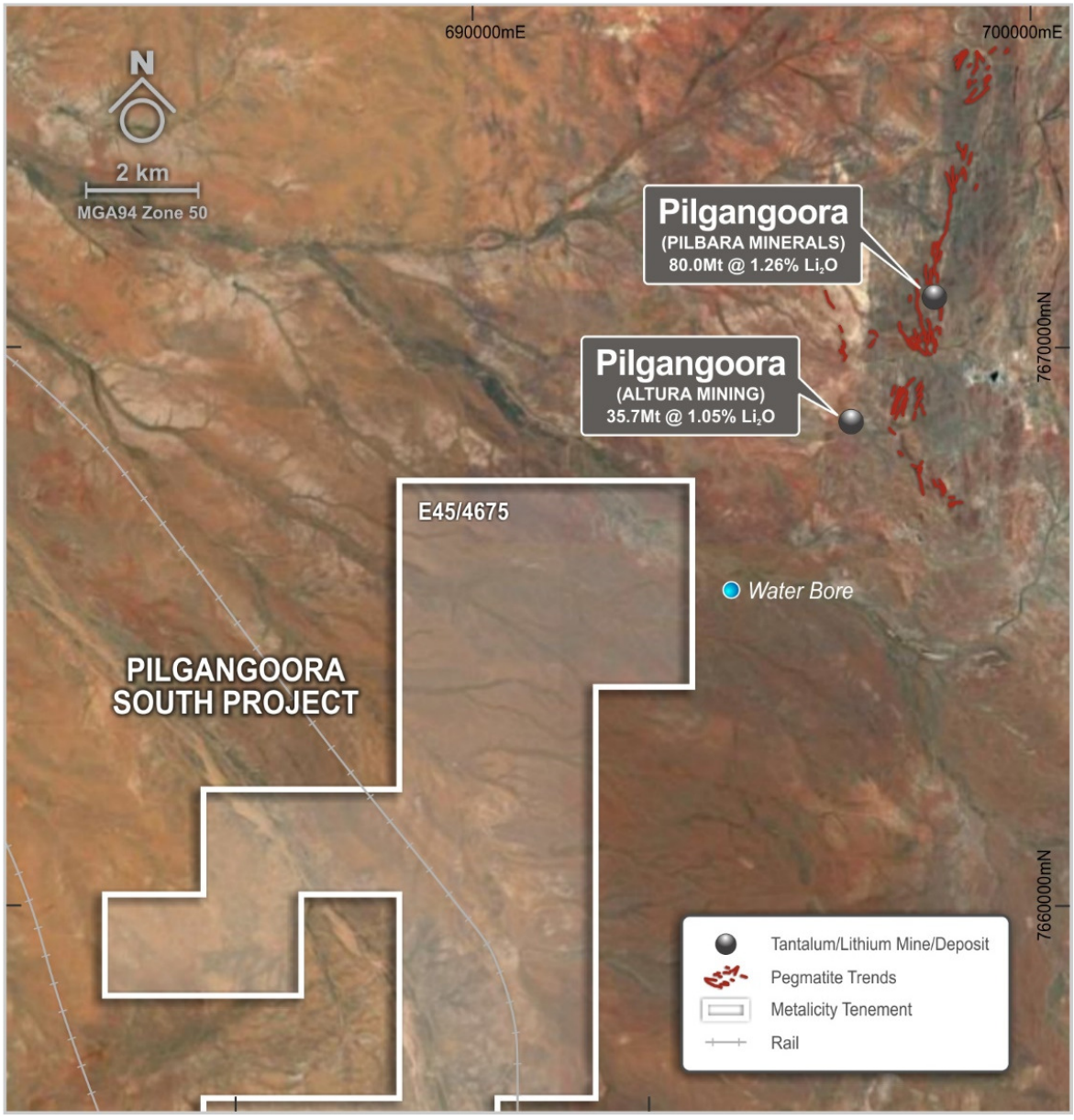


Source: Metalicity

Turner River North

At Turner River North (ELA45/4676) shallow colluvium obscures bedrock in much of the tenement. Spoil from a recently drilled nearby waterbore (Figure 2, Plate 1) shows coarse grained graphic quartz textures and muscovite 'books', an encouraging indication of the occurrence of pegmatites or of granites, with the potential to host rare metal mineralisation. This evidence supports Metalicity's plans to test under the shallow cover at Turner River North for potential extensions of the pegmatite swarms hosting the resources defined by Altura Mining Ltd and Pilbara Minerals Ltd.

Figure 2: Turner River North showing location of the waterbore where spoil was identified, and pegmatite trends mapped by others to the northeast.



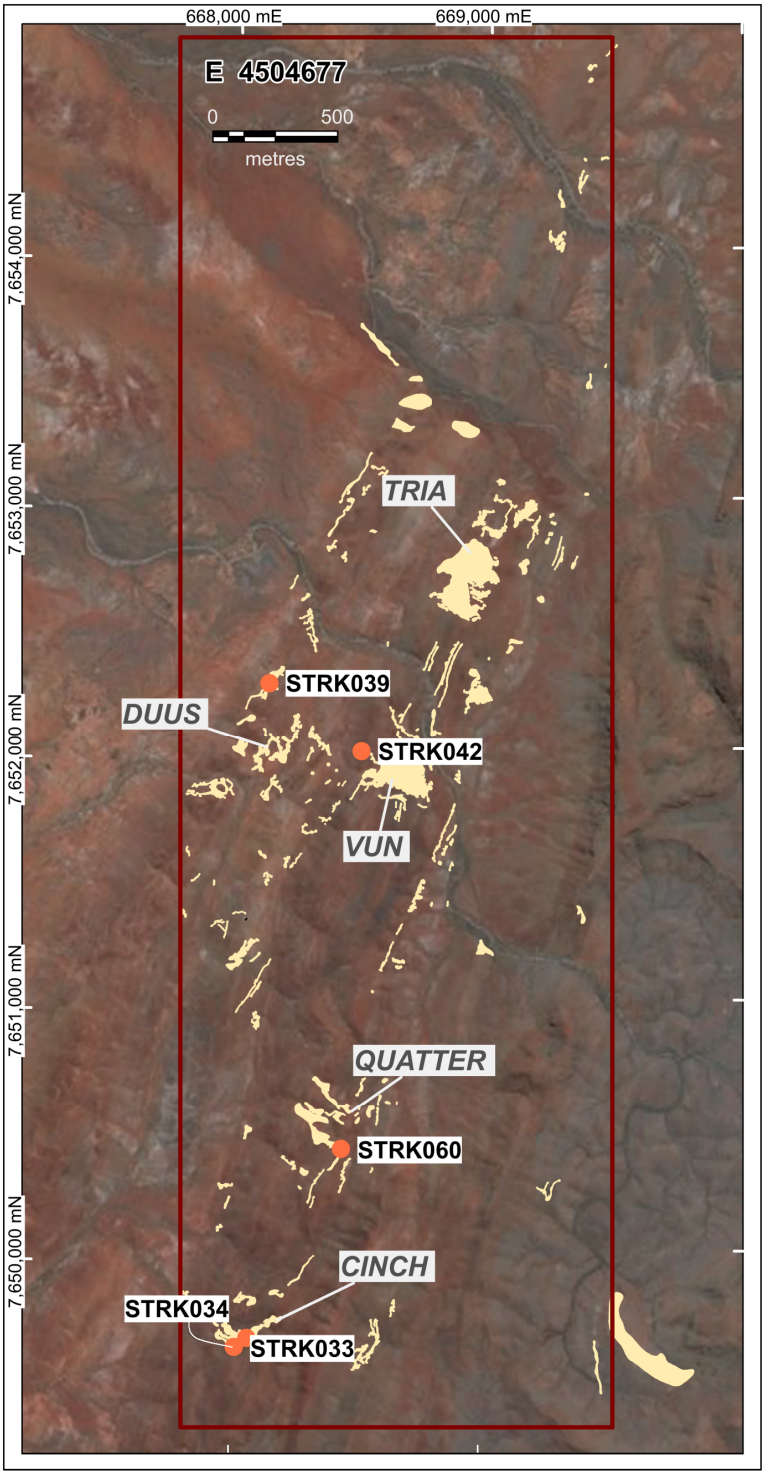
Source: Metalicity

Stannum (Pilgangoora South Lithium Project)

At Stannum (ELA45/4677) previous reprocessing of existing hyperspectral data highlighted mineralogical zonation in outcropping pegmatites and allowed priority areas to be identified (see MCT ASX release 30/03/2016). This has subsequently been followed up by detailed mapping, which identified more than 200,000 m^2 of typically flat lying pegmatites often interconnected with steeply dipping dikes (Figure 3). Cross-cutting relationships and variable mineralogy indicate more than one intrusive episode, and petrological work identified textural complexity including aplitic layering and plumose fabric, in common with rare metal pegmatites, indicating these pegmatites have the potential to host rare metal mineralisation.

Further support for this comes from additional surface sampling which returned results up to 0.4% Li_2O (Table 1), and from a single large spodumene crystal found at the 'Tria' Prospect (Plate 1, Figure 3). The bedrock source of the spodumene was not identified and further work needs to be undertaken to follow up this occurrence and determine its significance.

Figure 3: Outcropping Pegmatites Mapped at Stannum, with Prospect names and showing the location of the significant rock chip samples detailed in Table 1.



Source: Metalicity

Plate 1: Spodumene crystal from Stannum

Source: Metalicity

Table 1 Significant Rock Chip Assay results from Stannum. Locations are shown in Figure 3.

SampleID	Li_ppm	Li2O%	MGA50 East	MGA50 North
STRK0033	510	0.11	667970	7649640
STRK0034	455	0.10	668020	7649675
STRK0039	1790	0.39	668140	7652282
STRK0042	790	0.17	668507	7652003
STRK0060	780	0.17	668408	7650420

ENQUIRIES

Investors

Matt Gauci
Managing Director
+61 8 9324 1053
mgauci@metalicity.com.au

Media

Michael Vaughan
Fivemark Partners
+61 422 602 720
michael.vaughan@fivemark.com.au

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 addition of several Lithium Projects and the Munglinup North Graphite Project where early stage exploration has commenced. The Company is supported by a management team with 200+ years collective experience in the resources sector.

Competent Person Statement

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The Information contained in this announcement has been presented in accordance with the JORC Code. Information in this report relating to Exploration results is based on information compiled by Dr Marcus Sweetapple who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Sweetapple consents to the inclusion of the data in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• At each sample location, rock chips were collected from in-situ outcrop by a field geologist.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Not Applicable – Rock Chip Sampling
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Not Applicable – Rock Chip Sampling
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• A basic geological description was completed for each sample.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• No sub-sampling was conducted on the samples. • No field duplicates of the rock chip samples were assayed.

Criteria	JORC Code explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All samples were assayed by SGS Australia in Perth by sodium peroxide fusion and ICPMS. • Laboratory duplicates and internal repeat assays were undertaken by SGS for all assay batches. Correlation between the originals and duplicates and repeats was within acceptable limits indicating no obvious problems with laboratory assay repeatability. • Reference standards were inserted by Metalicity Ltd and assay results found to be within acceptable limits.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field data was recorded as hard copy into field notebooks or directly in a digital format on a tablet for inclusion into the company's database. • Sample results for lithium (Li) have been converted to Li_2O using a multiplication factor of 2.153.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sampling points were surveyed using a Garmin handheld GPS with an accuracy of 2-5m. • Standard MGA grid coordinates are presented with the relevant zone.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Rock chip sampling points at Stannum were not collected on any specified grid spacing.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• No specific mineralized structures were observed or sampled.
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected and personally delivered to the transport company by the field geologist, and subsequently submitted to the laboratory by the Metalicity's Exploration Manager..
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Audits and reviews were not undertaken apart from the QAQC checks outlined above.

Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Samples referred to in the announcement were collected from tenement application E45/4677 (Stannum). • The projects are located on a variety of Crown Land types including Pastoral Leases and Crown Reserves. • Native Title Agreements have been signed for the tenements as part of the tenement application process.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Refer to previous announcements by Metalicity Limited.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Company is seeking rare metal pegmatites in the project areas, derived from fertile granites that have intruded greenstone belts, similar to the geological setting of the Pilgangoora and Wodgina rare metal pegmatites, that host lithium and tantalum deposits.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Not Applicable – Rock Chip Sampling
		
		• Not Applicable – Rock Chip Sampling

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not Applicable – Rock Chip Sampling • Not Applicable – Rock Chip Sampling • Not Applicable – Rock Chip Sampling
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Not Applicable – Rock Chip Sampling • Not Applicable – Rock Chip Sampling • Not Applicable – Rock Chip Sampling
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Sections are not appropriate for the nature of the sampling being reported. Refer to main announcement for maps and tables of sample locations and assay results.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Major elements of interest have been reported for all samples.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Some relevant geological observations are presented in the main body text.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further geochemical sampling is planned to assist in drill targeting.