

ASX RELEASE: 5 SEPTEMBER 2016

GOLD EXPLORATION AND STRATEGY UPDATE

- ▶ Exploration underway at Rocky Gully Project to advance gold targets towards drilling in December quarter
- ▶ Exploration commences to define and prioritise gold targets at Lake Cowan project
- ▶ Acquisition of Philips River gold project in the highly prospective Albany-Fraser belt
- ▶ Corporate advisors engaged to assist with the evaluation of further gold project acquisition opportunities
- ▶ Consideration being given for potential corporate restructuring of gold projects in new listed vehicle

Metalicity Limited (**ASX:MCT**) ("**Metalicity**" or "**Company**") provides the following update on its gold exploration projects and strategy as the Company commences an exploration program to advance gold targets towards drilling.

Rocky Gully Project

The Rocky Gully Project is a 1,200km² tenement package located at the southern end of the Albany-Fraser Belt. Ongoing gold exploration work at Rocky Gully has identified priority targets from the significant volume of geological and geophysical data compiled by Metalicity and previous owners. The priority gold targets identified (see Figures 2, 3, 4, 5) are based on coincident anomalism in geochemical and geophysical datasets. Metalicity is currently planning further geochemical sampling to better define these anomalies prior to drilling. Drilling is planned to coincide with the cessation of cropping and related activities toward the end of the December quarter.

Phillips River Project

Metalicity's Phillips River Project consists of two granted tenements and one tenement application covering a total of 754km² (see Figures 1, 6). The recent opportunistic acquisition of this package underpins Metalicity's confidence in the potential of the Albany-Fraser Belt to host mineral deposits in addition to the world class Tropicana and Nova discoveries. The ground was previously held by Silver Lake Resources Limited which undertook considerable target generation work however only limited air core drilling has been conducted. Metalicity is currently compiling a database of historical exploration results and will progress systematic analysis and target generation once this has been completed. Within the tenement package gold is being targeted in remnants of reworked Archaean Yilgarn Craton material and where it has been remobilised out of older material into shear zones during one or more of the several deformation events that have affected the area.

Lake Cowan Project

Metalicity's primary focus at Lake Cowan (Figures 1, 7) is the lithium potential of the pegmatites adjacent to the Bald Hill tantalum operation. However, gold is also being targeted both in bedrock and where it may have been weathered out of bedrock and deposited within younger palaeo-channels. Support for this latter model comes from drill intercepts up to 1m @ 3.0g/t Au in 11BDAC015 within grit in an inferred palaeo-channel within the tenement area (Figure 7, Burgess and Wilson, 2012). Follow up work planned by Metalicity will include air core drilling along the palaeo-channel, and soil sampling in the eastern portion of the tenement area to vector toward concealed gold mineralisation that may be the primary source for the gold now found in the palaeo-channel. S2 Resources Limited's Nanook Project is an example of a recent palaeo-channel hosted discovery to the western end of Lake Cowan, approximately 30km to the southwest (See S2 Resources ASX release 3/5/2016).

Gold Project Strategy Update

The Company is currently evaluating several gold acquisition opportunities consistent with its strategy of adding projects to its portfolio which it believes will be value accretive for shareholders. Corporate advisors have been engaged to assist with this process.

In conjunction, Metalicity continues to evaluate the optimal corporate structure to both progress its gold portfolio and realise the significant shareholder value that exists within these projects. This includes the potential to restructure the assets into a new listed vehicle. Any potential divestment will require normal shareholder and regulatory approval.

Metalicity Managing Director, Matt Gauci, commented:

“Exploration is underway across our portfolio of highly prospective gold projects at the same time as we progress the development of our Admiral Bay zinc project. We have engaged corporate advisors to support our ongoing strategy to add projects to our portfolio which we believe have the potential to add significant shareholder value. We will continue to consider other alternatives to realise shareholder value from our gold assets.”

Figure 1: Metalicity Western Australian Gold and Silver projects



Source: Metalicity

Figure 2: Metalicity projects in the Albany Fraser Belt over regional geology.

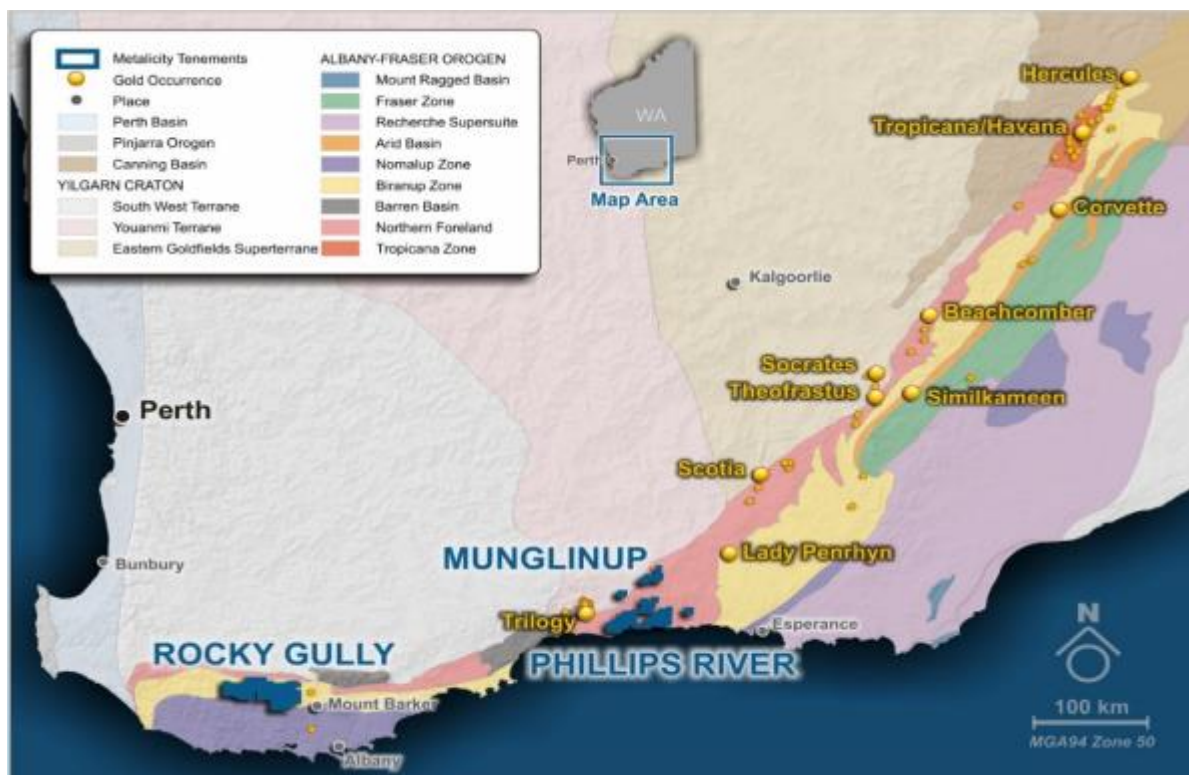


Figure 3: Rocky Gully Project showing priority gold targets over total magnetic intensity image.

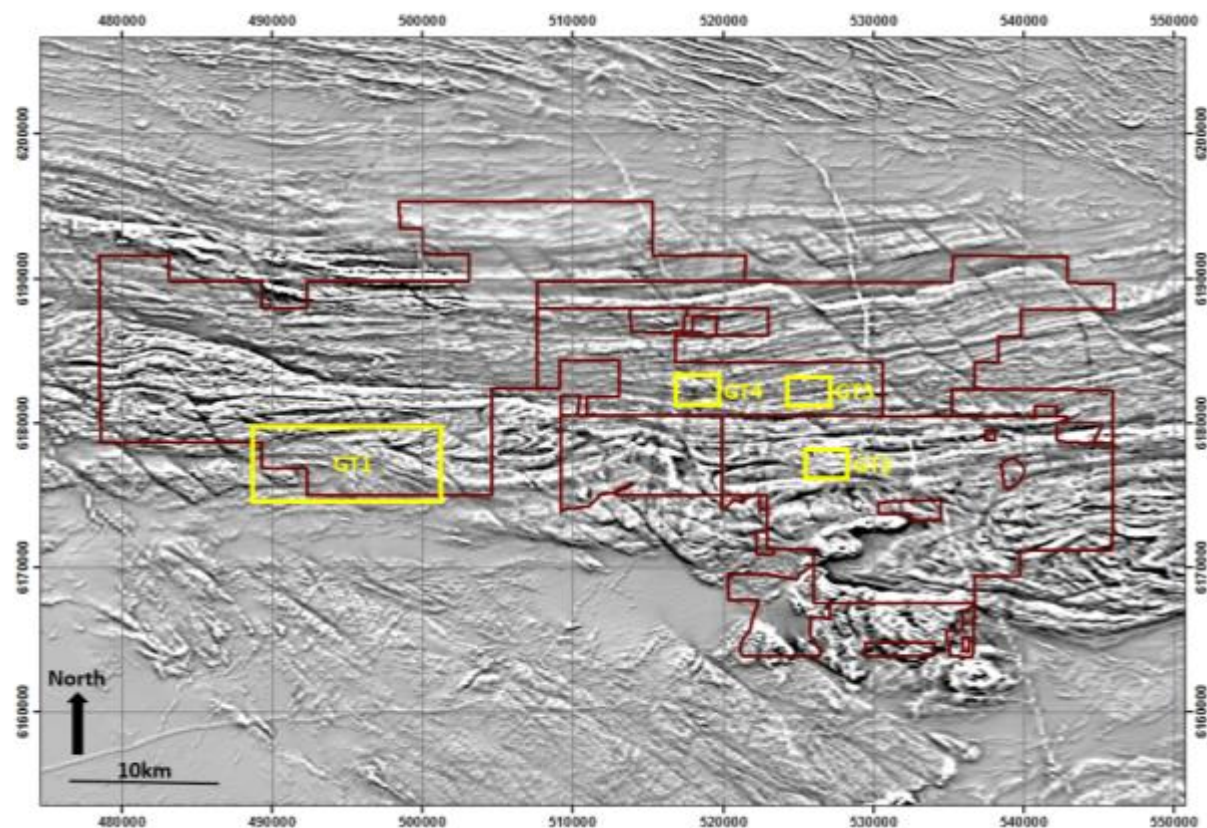


Figure 4: G4 gold target showing historic surface sampling results over total magnetic intensity image.

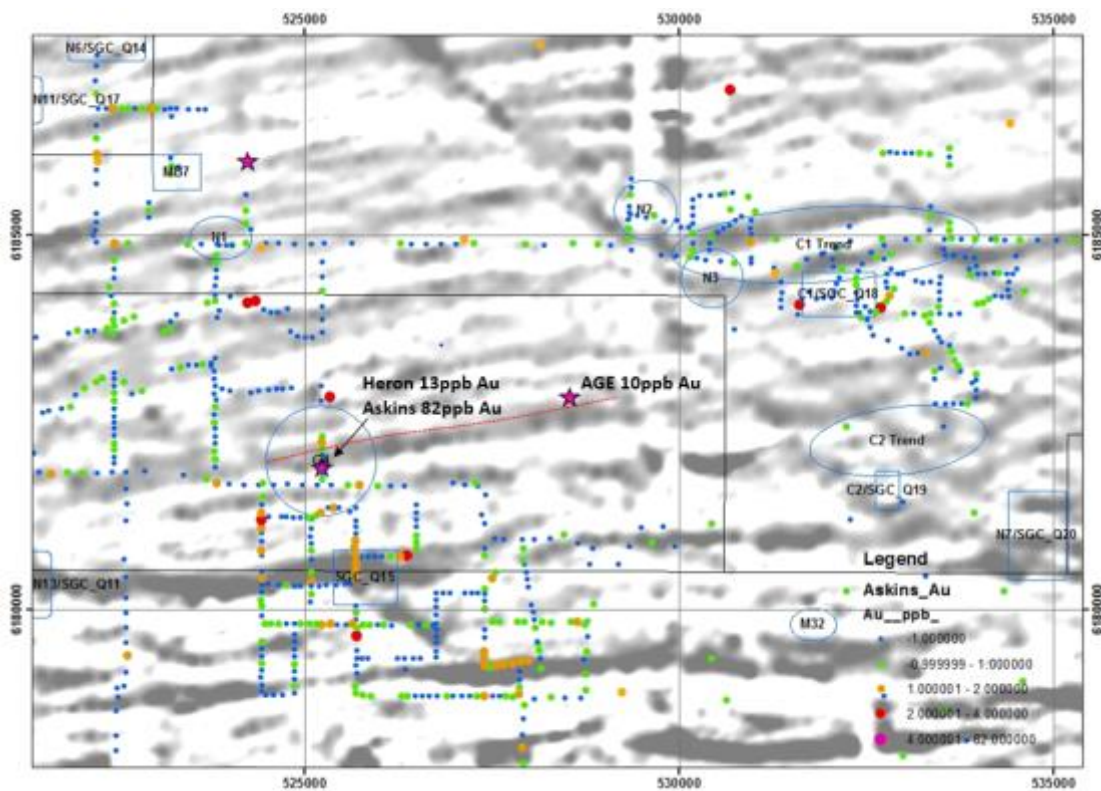


Figure 5: G2 and MB1 gold targets showing historic surface sampling results over total magnetic intensity.

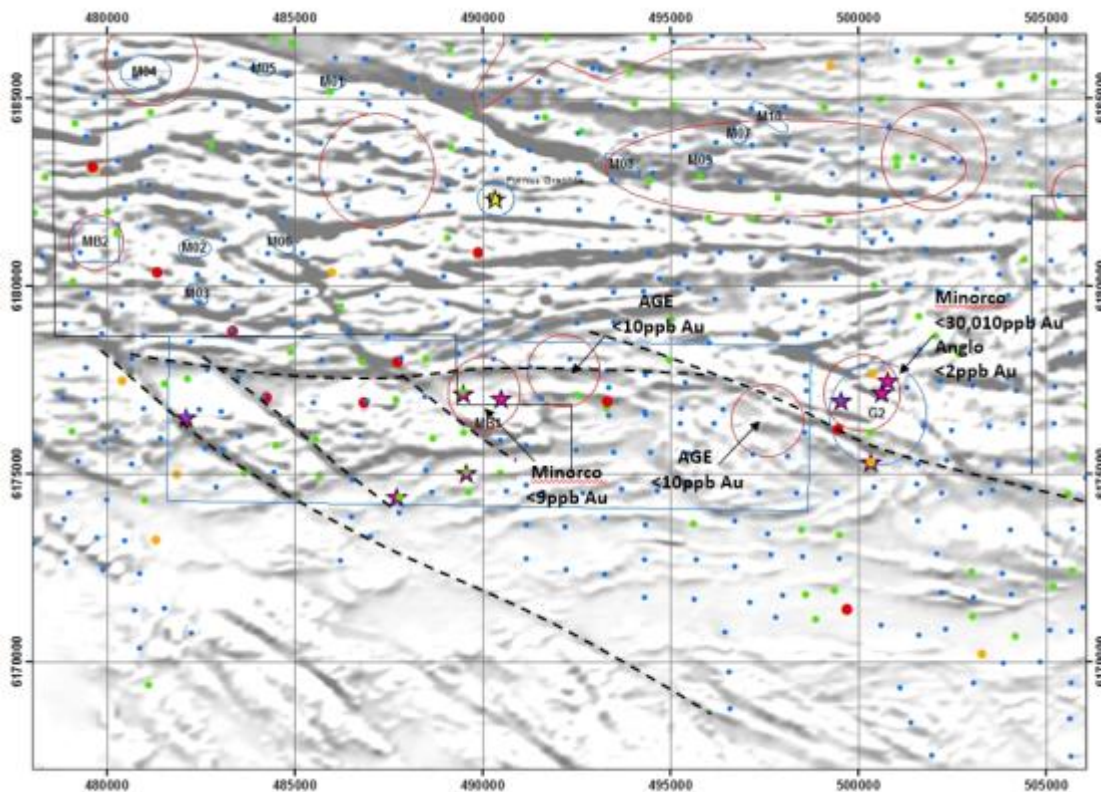


Figure 6: Phillips River Project tenure over regional geology.

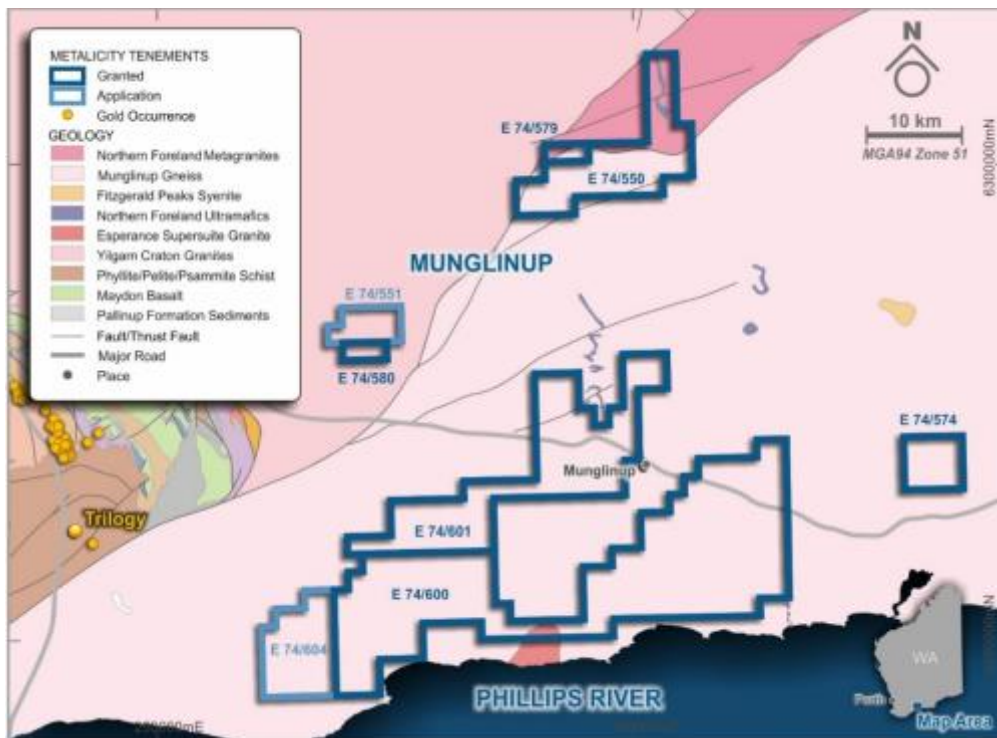
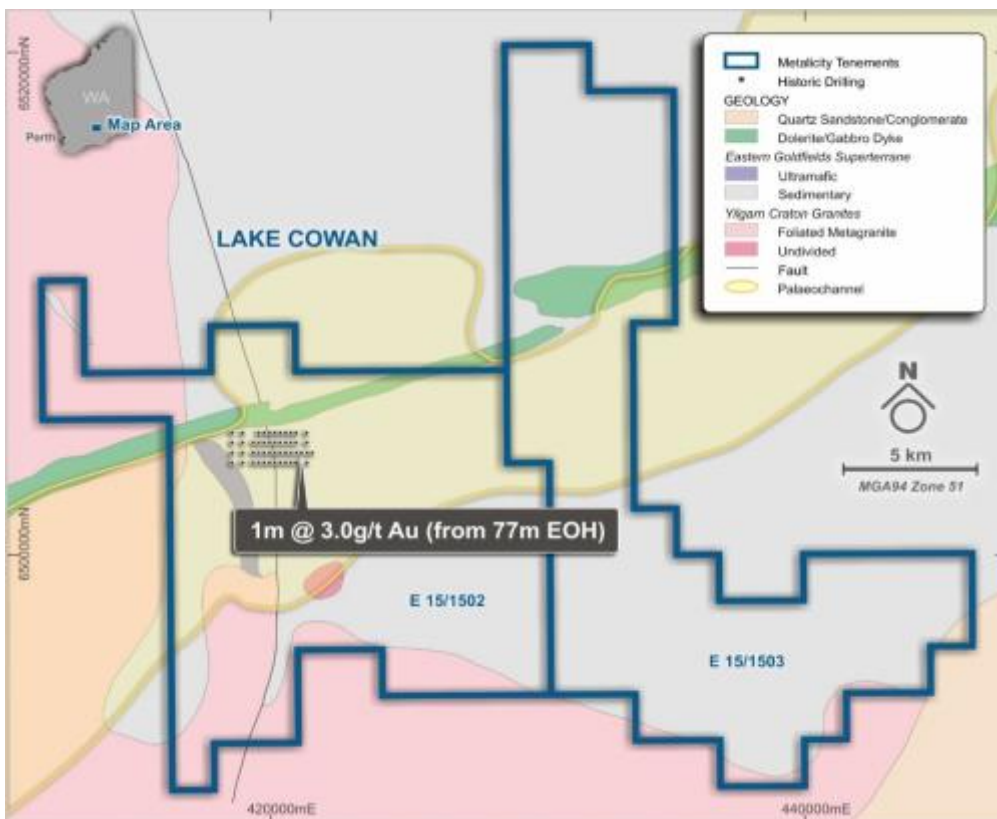


Figure 7: Lake Cowan project over regional geology with historic drilling and 1m @ 3g/t intercept in 11BDAC015.



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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, located in the north west of Australia. The company is currently undertaking a Pre-Feasibility study on Admiral Bay. The Company's secondary focus is the rare and precious metals sector where early stage exploration has commenced. The Company is supported by a management team with 300+ 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 at the Rocky Gully and Lake Cowan Projects has been compiled from historic data by Pip Darvall who has sufficient experience which is 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. Mr Darvall consents to the inclusion of the data in the form and context in which it appears.

See ASX Announcement on 4/7/16 regarding the Mineral Resource Estimate at the Admiral Bay Project.

References:

Askins, P., and Stewart, J. I., 2008. LAKE KATHERINE PROJECT Annual Report for E70/2841 for the Period 23 January 2007 to 22 January 2008. (Askins sampling data).

Burgess, A. I., and Wilson, S. W., 2012. Blue Dam (Yardina) Project Annual Mineral Exploration Report Tenement E15/1128 For the period 16/4/2011 to 15/4/2012.

Grunsky, E.C., 1988. Laterite Geochemistry in the CSIRO-AGE Database for the Albany-Fraser Region (Vol.1 CSIRO/AMIRA Laterite Geochemistry Project P240, Exploration Geoscience Restricted Report 161R. (AGE sampling data).

Kennedy, G., 2001. Supersorb Joint Venture E70/1953 Annual Report for the Year Ending 2/6/2001. (Anglo - Minorco sampling data).