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ADMIRAL BAY ZINC TESTWORK WITH CHINA MINMETALS

- **Metallurgical testwork to commence with Minmetals Nonferrous Metals Co., Ltd ("CMN") with 50kg of existing Admiral Bay core selected and dispatched.**
- **CMN to prepare a metallurgical and beneficiation testwork report for Metalicity as part of the Pre-Feasibility Study (PFS) on the Admiral Bay Zinc Project and for future offtake and financing.**
- **Metalicity and CMN to form a schedule of work to define a long-term offtake partnership.**
- **The metallurgical and mineral processing test work carried out to date have delivered positive results including low deleterious metallurgical behaviour and high recoveries.**
- **CMN is a subsidiary of China Minmetals Corp ("Minmetals") which is China's largest metals and minerals group, with zinc smelter capacity of 1Mtpa all based on the east coast of China.**

Metalicity Limited **(ASX:MCT) ("MCT"** or **"Company")** is pleased to announce that metallurgical testwork is set to commence with China Minmetals Nonferrous Metals Co., Ltd (**"CMN"**), a subsidiary of China Minmetals Corp ("Minmetals") following the recent signing of a Memorandum of Understanding (**"MOU"**) regarding future zinc and lead off-take from the Company's 100% owned Admiral Bay Project.

Minmetals is one of China's leading zinc smelting companies with annual consumption capacity of 1Mtpa zinc concentrate and is currently completing a merger with China Metallurgical Corporation (MCC). The combined revenues of Minmetals and MCC are reported to amount to approximately twice that of the world's largest publicly traded mining company, BHP. China is the world's largest consumer and processor of zinc concentrates into refined zinc.

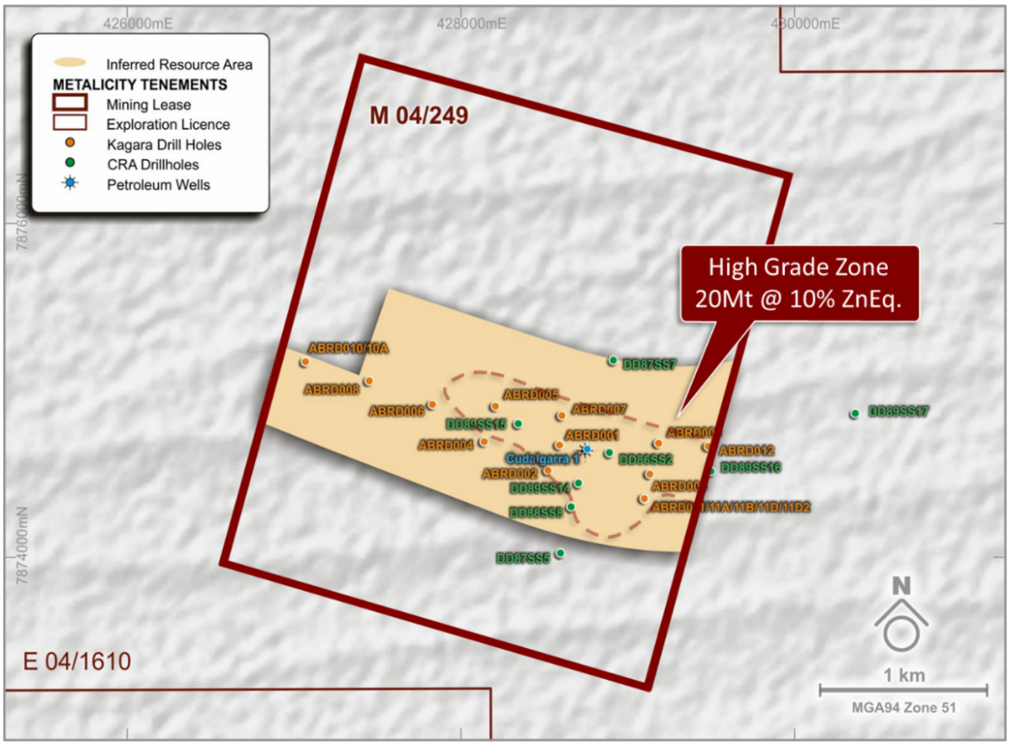
CMN will undertake metallurgical and beneficiation testwork on composite samples of 50kg of existing diamond core from holes ABRD005, ABRD006 ABRD008 and ABRD009 located within ML 4/249 (Figure 1). The core has been selected to be representative of the orebody and has now been dispatched to CMN, who will prepare a report for Metalicity as part of the current PFS for the DSO and Concentrate Model.

The metallurgical and mineral processing test work carried out to date have delivered positive results including (1) The material does not currently demonstrate any deleterious metallurgical behaviour (2) It appears readily amenable to processing through a simple, conventional flotation plant to achieve high zinc, lead and silver recoveries (3) Preliminary metal recovery expectations are in the range of 90-95% across zinc, lead and silver (4) Concentrate product grades were good (Pb +60% and Zn +48%), although selectivity of zinc and lead was not ideal and there is scope for further optimisation (see ASX:MCT 27/7/16).

The selected processing flowsheet consists of a two stage crushing and two stage grinding circuit to produce milled flotation feed. The flotation plant consists of lead rougher, scavenger cleaning and re-cleaning to produce a lead sulphide concentrate. The lead scavenger tails are subject to zinc rougher, scavenger, cleaning and re-cleaning to produce a zinc sulphide concentrate. The flowsheet is considered relatively low risk.

For key terms of the Offtake MOU with CMN see ASX:MCT 19/7/17.

Figure 1: Admiral Bay Zinc Project: High grade zone within a 2km strike of M 04/249

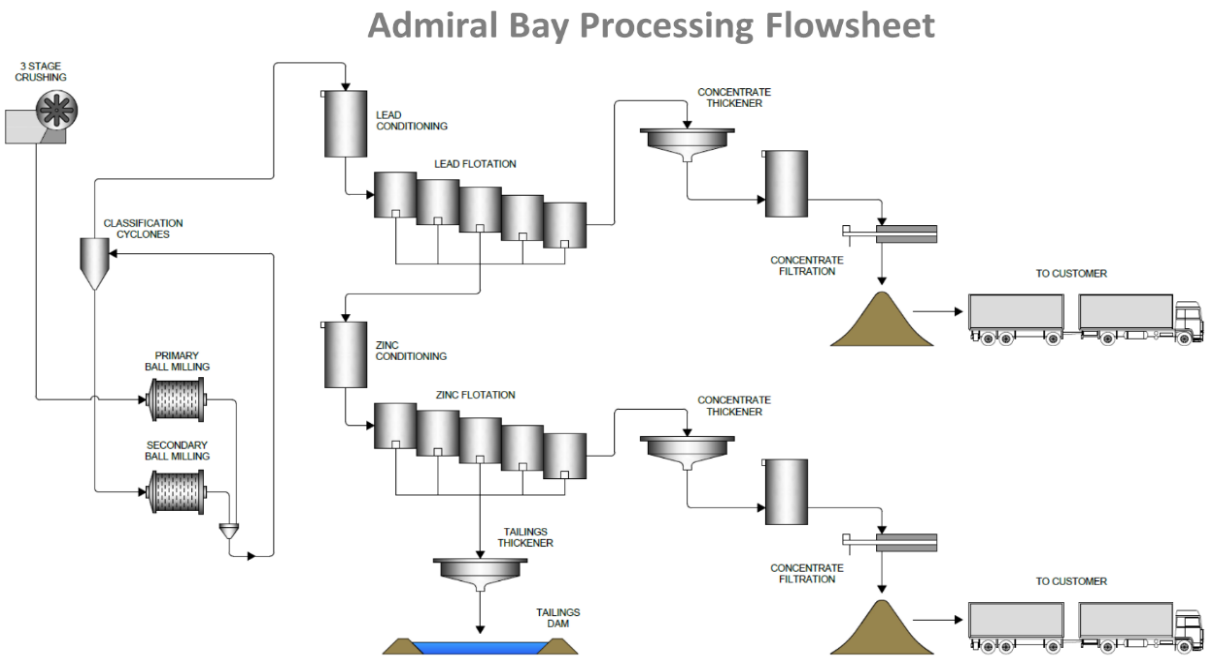


Source: Metalicity

Figure 2: Sample of Admiral Bay Core used for metallurgical testwork

Source: Metalicity

Figure 2: Flotation processing flowsheet



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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 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 and strong shareholder base of institutional and sophisticated investors.

About China Minmetals Corporation

China Minmetals Corporation (CMC), restructured from two Fortune Global 500 companies, namely China Minmetals and China Metallurgical Group, is China's largest and highly international metals and minerals corporate group, and also the largest and strongest in metallurgical construction and operation services globally. Headquartered in Beijing, CMC controls the total assets of RMB 1.6 trillion yuan, and it has the assets of RMB 813.9 billion yuan, of which financial business management assets of RMB 814.2 billion yuan. CMC's foreign institutions, resource projects and construction projects are operating in more than 60 countries and regions. In 2016, CMC achieved operating income of RMB 435.5 billion yuan.

For more information on China Minmetals, please see: *www.china.org.cn/business/2016-06/03/content_38595154.htm*