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HIGH GRADE NEAR SURFACE ZINC PROJECTS ACQUISITION

- **Zinc project pipeline strengthened through the exercise of the option to acquire the high grade Napier Range Zinc Project and the Emanuel Range Zinc Project located in the Lennard Shelf, Kimberley Region, WA.**
- **Napier Range contains the Wagon Pass deposit which is a JORC 2012 Inferred Mineral Resource Estimate (MRE) of 750Kt at 13.6% ZnEq (Table 1) and an adjoining Exploration Target Range (ETR)* of 100Kt-200Kt at 10%-15% ZnEq.**
- **Napier Range also contains an additional ETR of 1-4Mt at 10-15% ZnEq across a number of separate prospects within the mining leases that are priority targets for drilling.**
- **Napier Range represents a high grade low capital and near term producing zinc project, which complements the development of the Admiral Bay Zinc Deposit, located in the Napier Range of the Kimberley Region, WA.**
- **The Emanuel Range Zinc Project comprises an extensive 30km strike of a largely untested targets adjoining the large tonnage high grade Pillara Zinc deposit, located in the Pillara Range of the Kimberley Region, WA.**
- **The projects are classed as Mississippi Valley Type deposits which typically demonstrate simple and conventional process flowsheet design, high metal recovery and excellent clean concentrate quality.**
- **Metalicity is uniquely positioned to explore, develop and mine the projects, given its extensive knowledge gained via the exploration and development of the nearby Admiral Bay Zinc Project.**
- **Successful due diligence included fieldwork, rock chip sampling, resource block model review of the MRE, exploration targeting and base case financial modelling to understand the potential economics.**

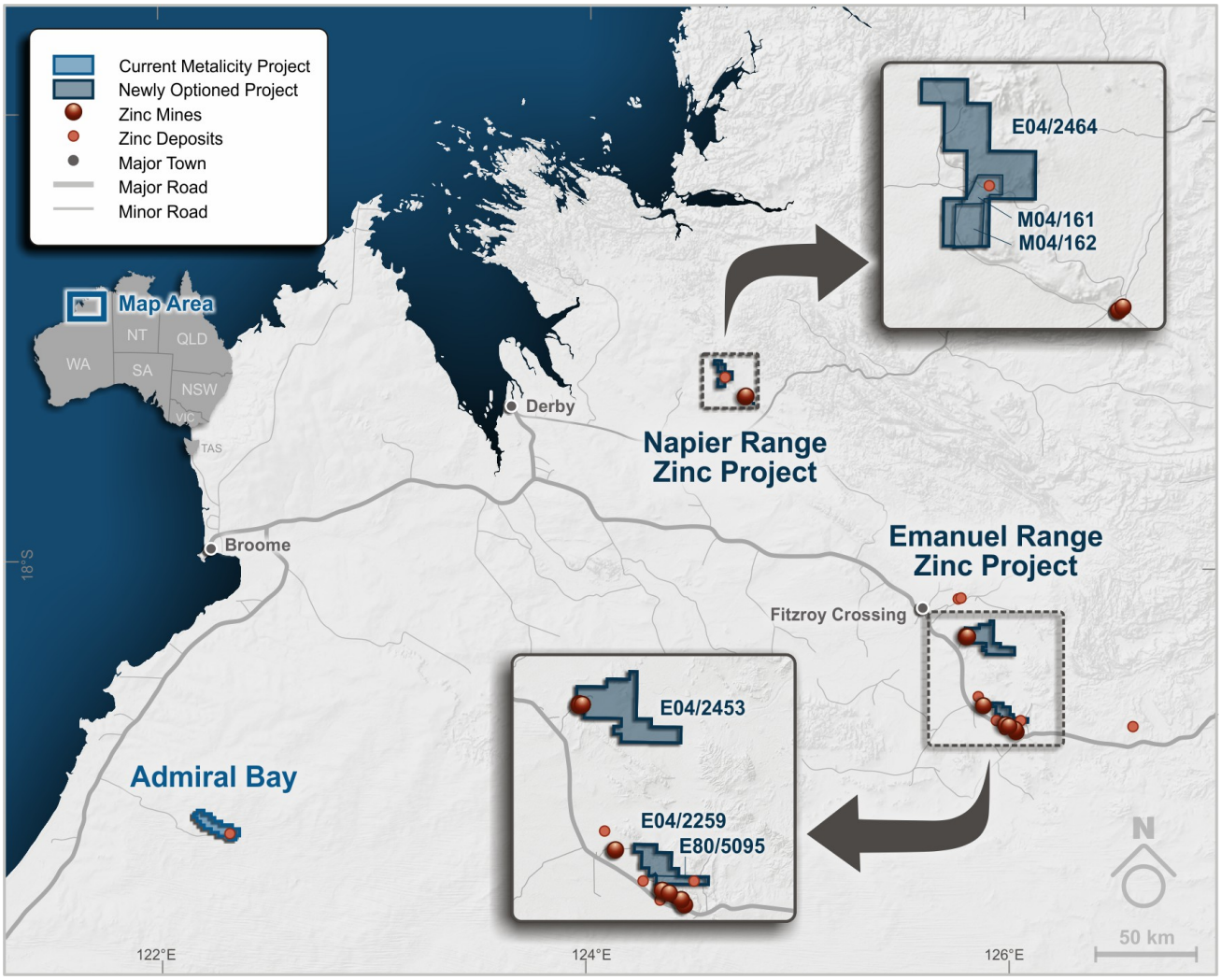
Metalicity Limited **(ASX:MCT) ("MCT"** or **"Company")** is pleased to announce that it has strengthened its zinc project pipeline through the exercise of the option to acquire the high grade Napier Range Zinc Project and the Emanuel Range Zinc Project, both located in the Lennard Shelf of the Kimberley Region, WA. Napier Range represents a low capital and near term producing zinc production opportunity, while Emanuel Range represents an early stage but highly prospective zinc exploration project with an extensive 30km strike of largely untested targets. These projects will complement the development of its large scale long life Admiral Bay Zinc Project, located in the adjoining Canning Basin of the Kimberley Region, WA.

Metalicity Managing Director, Matt Gauci, commented:

"Securing the Napier Range Zinc Project is a significant step forward for Metalicity's zinc strategy by providing a potential high grade, low capital, near term zinc development project that complements the pathway for our 100% owned Admiral Bay Zinc Project. Metalicity has completed field work, exploration targeting and base case financial modelling and looks forward to commencing an aggressive exploration program to determine the projects capacity to provide a source of cashflow for the Company's ongoing advancement of the long-life Admiral Bay Zinc project, while also seeking new discoveries at the Emanuel Range Zinc Project."

***The Exploration Target Ranges (ETR) stated above are conceptual in nature and the potential quantities and grades are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource Estimate outside that known at Wagon Pass, and it is uncertain whether further exploration will result in the estimation of additional Mineral Resources.**

Figure 1: Location of the Lennard Shelf Zinc Projects



Source: Metalicity

Overview

The Lennard Shelf Projects consist of two granted mining licenses, and four exploration licenses comprising the Napier Range Zinc Project and the Emanuel Range Zinc Project (Figure 1). All are located along the Lennard Shelf, a northwest trending belt between the Proterozoic Kimberley Block and the Fitzroy Trough, the deepest part of the Canning Basin. A carbonate platform and reef complex developed on the margins of the Kimberley Block during the late Devonian, and these rocks host a number of known Mississippi Valley Type ('MVT') zinc-lead-silver deposits that have partially been exploited (e.g. Pillara, Cadjebut, Kapok etc). The Lennard Shelf MVT deposits range from dominantly stratiform to dominantly vein or breccia hosted associated with faults, and are known for their simple processing and low levels of deleterious elements, attracting a premium in world markets.

Napier Range Zinc Project

Geology

In the Napier Range Zinc Project area, the Lennard Shelf Devonian carbonate complex rests unconformably on Proterozoic basement. Zinc-lead-silver mineralisation occurs within fore-reef and reefal slope carbonate rocks, mostly related to two stratigraphic levels: in dolomitised siltstones and limestones of the Lower Napier Formation, and at the upper levels, in limestones of the Upper Napier Formation. The Wagon Pass orebody at Napier Range is dominantly stratabound with minor fault and breccia associated ore. It is located about 12km northwest of the small but very high grade historic Narlarla zinc-lead-silver mine from which about 2,115t of lead, 2,867t zinc and 162t of silver metal were mined between 1948 and 1966.

Mineral Resource Estimate (MRE)

The most recent JORC 2012 Inferred MRE of 750Kt at 5.8% Zn, 7.2% Pb, 54g/t Ag (13.6% ZnEq) at Wagon Pass was completed by Cube Consulting in 2016, using a 5% Zn + Pb cut off, 2m downhole compositing, and an assumed bulk density of both waste and mineralized material of 3.0 g/cm^3. The deposit is located between 150-200m depth below surface. Additional details on key parameters of the MRE are presented in JORC Table 1 below, and the block model is shown in Figure 2.

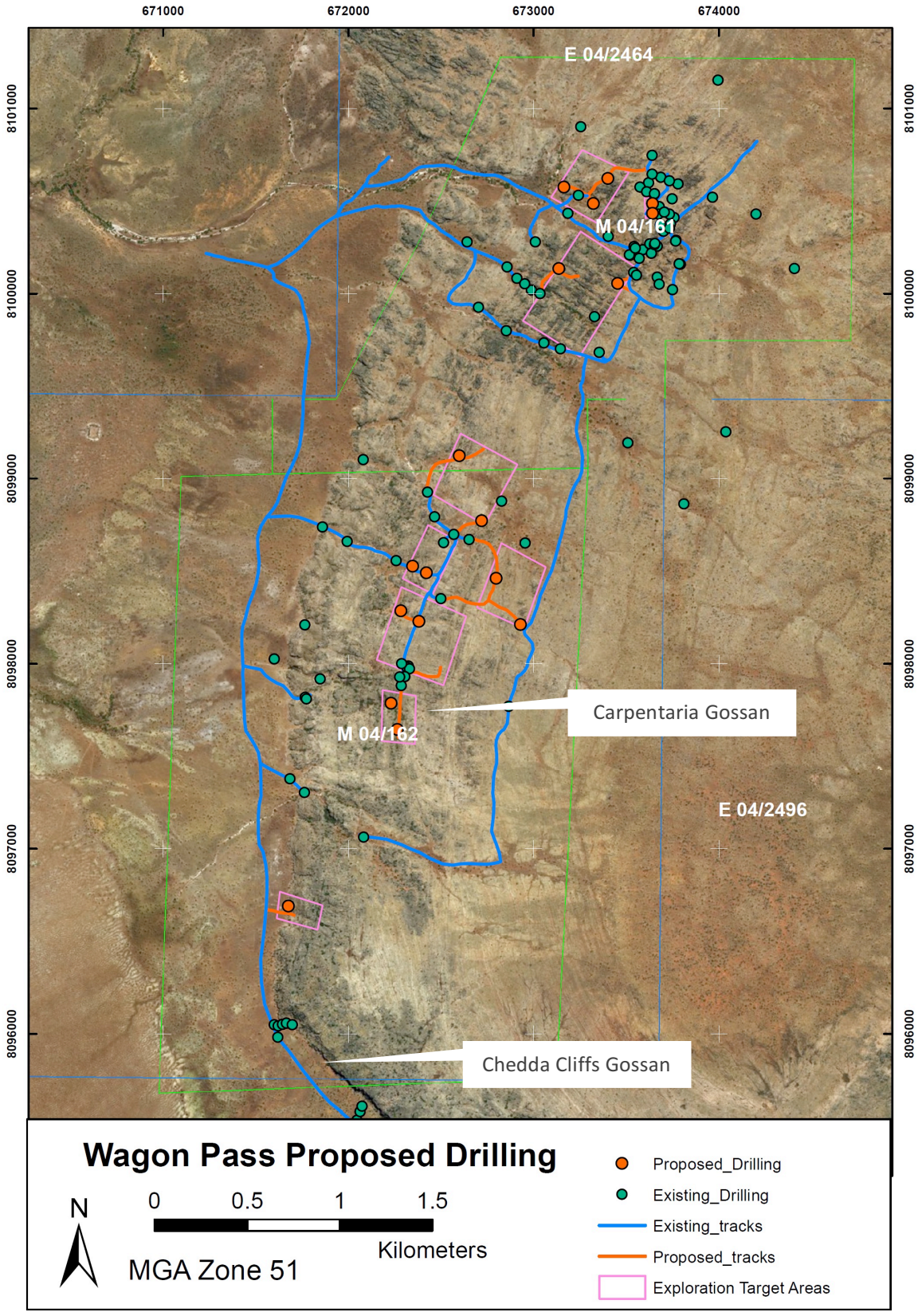
Exploration Target Range (ETR)

A comprehensive targeting study completed in late 2016 over the project area for Meridian Minerals Pty Ltd ('Meridian') commented 'The area is underexplored due to ineffective and shallow drilling'. The targeting report outlines nine targets, one for resource extensions to the Wagon Pass deposit and eight further targets within 4km of the deposit. At Wagon Pass, potential exists to extend the resource down dip to the west of the deposit, with an Exploration Target Range of 100-200kt at 10-15% ZnEq.

The remaining eight targets are located further south, mostly in analogous settings to Wagon Pass. The targeting study further commented that 'Although drilling has occurred in the project area, many drill holes did not test the favorable Lower Napier stratigraphy. In addition, the area is significantly under-explored for additional deposits 0.5 to 1 Mt size.'

Based on this analysis the Company is targeting multiple occurrences of 0.5-1Mt size, resulting in a global ETR at Napier Range of 1-4 Mt @ 10-15% ZnEq. The grade and tonnage range are based on the grade and geometry of the Wagon Pass deposit, and the cluster-style distribution of this mineralisation type. Individual targets are based on historic drill hole intercepts that have not been followed up, geochemical anomalies associated with structural trends and conceptual stratigraphic positions.

Figure 2: Exploration Target areas, existing and proposed drilling, and major gossan locations at Napier Range.



Source: Metalicity

Figure 3: Historic core stored at the Napier Range Project.

Source: Metalicity

Figure 4: Gossanous dolomite outcropping south of the Wagon Pass deposit.

Source: Metalicity

Emanuel Range Zinc Project

The Emanuel Range Zinc Project consists of one exploration tenement and two tenement applications in close proximity to the Pillara, Kapok, Cadjebut and Goongewa Mines, in the Emanuel Range of the Kimberley Region, WA (Figure 1). All of the tenements in this project cover the prospective stratigraphy and structural positions, in very close proximity to existing deposits or mines. For example, E04/2453 is located less than 2km from the Pillara deposit, the largest Pb-Zn deposit discovered in the Lennard Shelf.

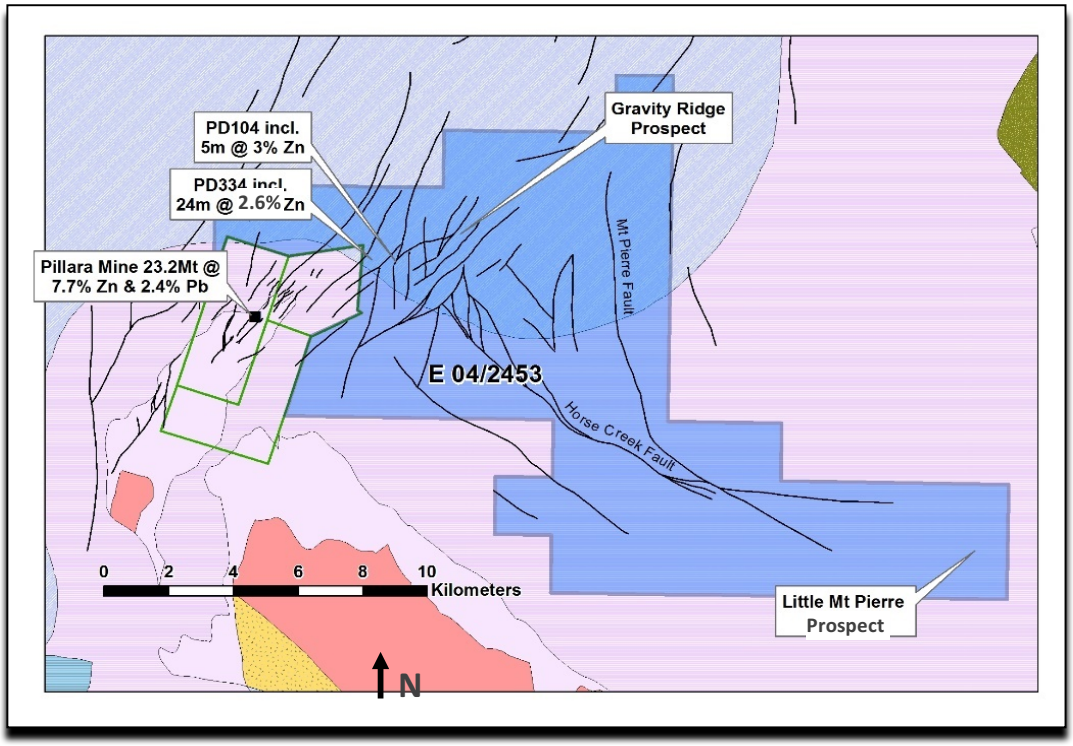
The Emanuel Range is part of a Late Devonian (370 million years old) limestone reef complex that formed along the southwest margin of the Kimberley block, currently extending for over 300 km from the Kimberley coast near Derby to the south of Halls Creek. The limestones are host to a world-class zinc-lead-silver mining district where several rich deposits have been mined (for example, Cadjebut, Pillara, Kapok).

At Pillara East, several targets exist within a zone of northeast striking faults which can be traced southwest to the Pillara Zinc Mine (Figure 5). Historic drill intercepts in this area include 24m at 2.6% Zn, and 5m @ 3% Zn (Figure 5)(See ASX 27/7/17). Towards the southeast, there are several sub-parallel, northwest-striking, shallow buried reef- and basement high bounding faults that mimic the geological settings of the known deposits and are largely untested. A comprehensive target generation study completed by previous operators over the area has been reviewed and the targets are ready to be drill tested upon grant of E04/2453 (Figure 5).

At Kapok North, two main target areas have been identified. A ~3.5km long area defined by surface gossans, geochemistry and induced polarisation geophysics at Gindi Gossan; and an untested >5km long dolomite front identified in ASTER remote sensing (Figure 6). Mineralisation in the Cadjebut/Kapok district commonly occurs at or near the dolomite front, within localised structural and stratigraphic traps.

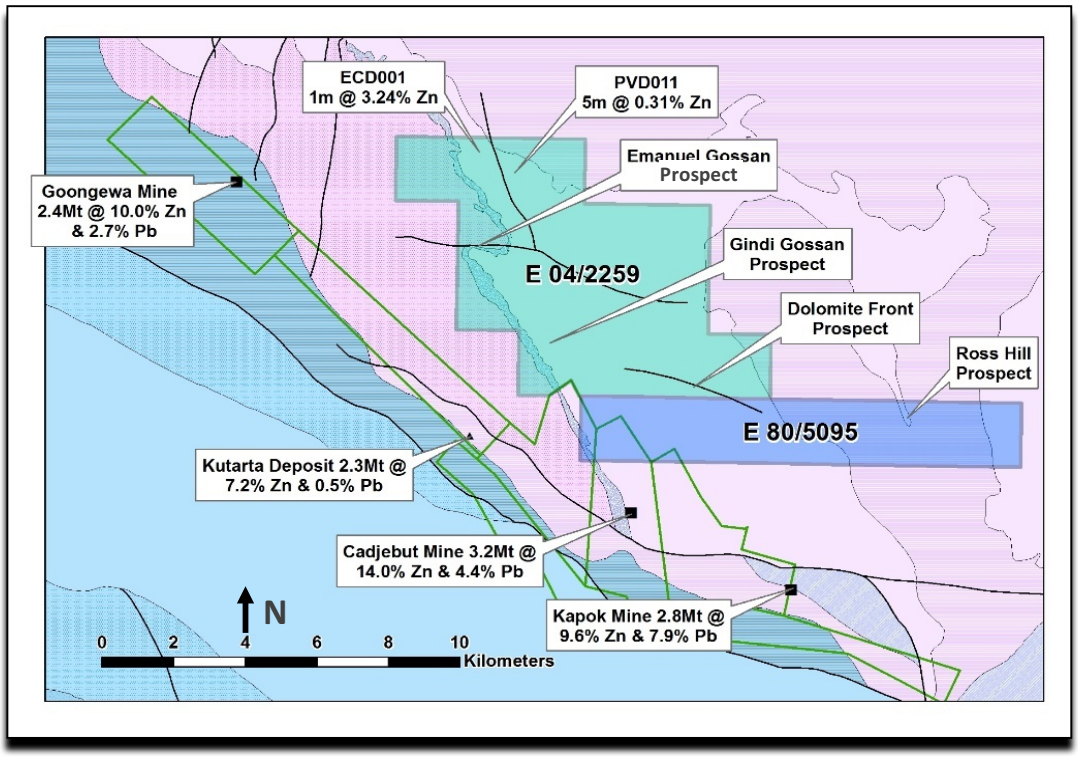
The Kapok North targets are drill ready and located on granted tenure (E04/2259). Further targets will become available upon grant of E04/2453 (Pillara East) and E80/5095 (Kapok North), Figure 5, Figure 6.

Figure 5: Emanuel Range Zinc Project – Pillara East prospects over regional geology



Source: Metalicity/WAMEX

Figure 6: Emanuel Range Zinc Project – Kapok North prospects over regional geology



Source: Metalicity/WAMEX

Due Diligence

The Company has successfully completed due diligence on the acquisition of Napier Range and Emanuel Range and is satisfied with the status of the Option Agreement with Meridian. Due diligence included a complete review of the data and block model for the Wagon Pass MRE, exploration targeting utilising an extensive exploration database sourced by the Company, and the development of a base case financial model to confirm the potential project economics.

Terms of the Option Agreement with Meridian

Metalicity (via the Ridgecape Option Agreement) has the right to exercise the Option to acquire 100% of the Napier Range and Emanuel Range Projects via the following payments:

- A$450,000 cash by November 22, 2017
- A$500,000 cash 6 months thereafter May 22, 2018
- A$1,000,000 cash 6 months thereafter by November 22, 2018

Meridian is a fully owned subsidiary of Chinese State-Owned Enterprise, Northwest Nonferrous International Investment Company Ltd (Northwest). If appropriate the Company will seek to negotiate more favourable terms on the transaction for these the projects with Northwest.

Note that Lennard Shelf Pty Ltd (a 50:50 joint venture between Glencore and Teck) retain an option to earn a 51% participating interest in the Wagon Pass tenements if a **new** JORC Inferred Resource has been **discovered**, by either completing and sole funding a Feasibility Study, or spending $20M on the assessment of the inferred resources.

Metal Equivalence

Zinc equivalent (ZnEq) calculation parameters are presented in Table 1. The metallurgical recoveries are extrapolated from orebodies with similar MVT characteristics. It is Metalicity's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered and sold. The calculation formula is ZnEq (%) = Zn(%) + 0.92Pb(%) + 0.02Ag(ppm).

Table 1: Zinc Equivalence parameters

	Metal		
Factor	***Zn***	***Pb***	***Ag***
Total recovery	*93%*	*95%*	*90%*
Total Payable	*85%*	*95%*	*95%*
Price (spot)	*$1.24/lb*	*$1.00/lb*	*$16.5/oz.*
Conversion Factor	***1.00***	***0.92***	***0.021***

[1] *Approximating to head grade*

Metal equivalents are highly dependent on the metal prices used to derive the equivalence formula. Metalicity notes that the metal equivalence method taken above is a simplified approach. Only estimated metallurgical recoveries are available. The metal prices are assumed indicative LME prices and do not necessary reflect the metal prices that a smelter would pay for concentrate nor are any smelter penalties or charges included in the calculation.

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 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.

Competent Person Statement – Exploration Results and Exploration Target Range

Information in this report that relates to Exploration results and Exploration Target Range (ETR) has been reviewed by Dr. Simon Dorling, who is a member of the Australian Institute of Geoscientists. Dr. Dorling is a consultant to Metalicity Ltd, and 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. Dorling consents to the inclusion of the data in the form and context in which it appears.

Competent Person Statement – Wagon Pass Mineral Resource Estimate

Information in this report that relates to the Wagon Pass Inferred Resource Estimate has been compiled by Patrick Adams, FAusIMM, MAIG. Mr Adams is a Director of Cube Consulting, and consultant to Meridian Minerals Pty Ltd who commissioned the resource report in 2016, and 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. Mr Adams consents to the inclusion of the data in the form and context in which it appears.

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