



ASX RELEASE: 2 December 2020

Cleansing Prospectus

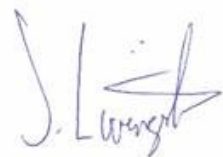
Metalicity Limited (ASX:MCT) (“Metalicity” or “the Company”) advises that it has issued a Cleansing Prospectus (Prospectus) pursuant to section 708A(11) of the Corporations Act. This Prospectus is a Transaction Specific Prospectus prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. The Prospectus will effect the removal of any trading restrictions on the Shares to be issued as part consideration for the acquisition of the Mulga Plum Project.

As announced by the Company on 30 November 2020, the Company proposes to issue 2,615,837 Shares as part consideration for the acquisition of the Mulga Plum Project announced on 23 November 2020. The 2,615,837 Shares are intended to be issued on 3 December 2020. Please refer to the Company’s announcements on 1 December 2020 and 23 November 2020 for further details.

This Announcement is approved by Jason Livingstone, Managing Director & CEO of Metalicity Limited.

ENQUIRIES

Jason Livingstone
MD & CEO
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Jason Livingstone
Managing Director
2 December 2020

METALICITY LIMITED
ACN 086 839 992

CLEANSING PROSPECTUS

For an offer of up to 10,000 Shares at an issue price of \$0.020 per Share to raise up to \$200 (before expenses) (**Offer**).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act 2001 (Cth) to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT INFORMATION

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Shares offered under this Prospectus should be considered speculative.

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY	1
2.	TIMETABLE AND IMPORTANT NOTES	2
3.	DETAILS OF THE OFFER.....	4
4.	PURPOSE AND EFFECT OF THE OFFER.....	7
5.	RIGHTS AND LIABILITIES ATTACHING TO SHARES	9
6.	RISK FACTORS	12
7.	ADDITIONAL INFORMATION	22
8.	DIRECTORS' AUTHORISATION	32
9.	GLOSSARY	33

1. CORPORATE DIRECTORY

Directors

Mathew Longworth
Non-Executive Chairman

Jason Livingstone
Managing Director

Justin Barton
*Chief Financial Officer and
Executive Director*

Andrew Daley
Non-Executive Director

Company Secretary

Nick Day

ASX Code

Shares: MCT
Options: MCTO

Registered Office

Level 25
108 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 6500 0202

Email: info@metalicity.com.au
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Share Registry

Link Market Services
QV1 Building
Level 12, 250 St Georges Terrace
PERTH WA 6000

Telephone: 1300 554 474

Facsimile: +61 2 9287 0303

Legal Adviser

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
PERTH WA 6000

*These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. TIMETABLE AND IMPORTANT NOTES

2.1 Indicative Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	2 December 2020
Opening Date	2 December 2020
Closing Date	5.00 pm (AWST) 4 December 2020
Expected date of Official Quotation of the Shares	9 December 2020

**The above dates are indicative only and may change without notice. The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. Accordingly, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.*

2.2 Important Notes

This Prospectus is dated 2 December 2020 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Shares under this Prospectus to determine whether an investment in the Company meets your objectives, financial situation and needs.

2.4 Risk factors

Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be

considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

2.5 Overseas investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of, or invitation to apply for, Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

2.6 Disclaimer

No person is authorised to give information or to make any representation in connection with the Offer, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

2.7 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

2.8 Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

3. DETAILS OF THE OFFER

3.1 The Offer

Pursuant to this Prospectus, the Company invites investors identified by the Directors to apply for up to 10,000 Shares at an issue price of \$0.020 per Share to raise up to \$200 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue at the date of this Prospectus. A summary of the material rights and liabilities attaching to the Shares is set out in Section 5.

3.2 Minimum subscription

There is no minimum subscription.

3.3 Oversubscriptions

No oversubscriptions will be accepted by the Company.

3.4 Objective

The Company is seeking to raise only a nominal amount of \$200 (before expenses) under this Prospectus. Accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.5 Applications

Applications for Shares under the Offer must only be made by investors at the direction of the Company and must be made by using the Application Form accompanying this Prospectus.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of this Prospectus.

Payment for Shares must be made in full at the issue price of \$0.020 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

Cheques should be made payable to "**METALICITY LIMITED**" and crossed "**Not Negotiable**".

The Company reserves the right to close the Offer early.

3.6 Not underwritten

The Offer is not underwritten.

3.7 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under this Prospectus.

3.8 Issue

The issue of Shares pursuant to the Offer will take place as soon as practicable after the Closing Date. Application monies will be held in a separate subscription account until the Shares are issued (or payment of refunds). This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether any Shares are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

3.9 Defects in Applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid.

The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

3.10 Restrictions on the distribution of this Prospectus

The distribution of this Prospectus outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any applicable restrictions. Any failure to comply with these restrictions constitutes a violation of those laws.

The Offer does not, and is not intended to, constitute an offer, or invitation to apply, in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, or invitation to apply, or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed, should they wish to make an application to subscribe for Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.11 Enquiries

Any questions concerning the Offer should be directed to Mr Nick Day, Company Secretary, on +61 8 6500 0202.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus).

The Company may raise up to \$200 (before expenses) under the Offer. All of the funds raised under the Offer (if any) will be applied towards the expenses of the Offer. Refer to Section 7.8 for further details relating to the estimated expenses of the Offer.

4.2 Effect of the Offer on capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Shares	Number
Shares currently on issue	1,738,252,269
Shares offered pursuant to the Offer	10,000
Total Shares on issue on completion of the Offer^{1,2}	1,740,878,106

Notes:

1. Assumes the Offer is fully subscribed and that no Options are exercised or Performance Rights vest.
2. As announced by the Company on 30 November 2020, the Company proposes to issue 2,615,837 Shares as part consideration for the acquisition of the Mulga Plum project announced on 23 November 2020. The 2,615,837 Shares are intended to be issued on 3 December 2020 and in any event prior to the Closing Date. Please refer to the Company's announcements on 1 December 2020 and 23 November 2020 for further details.

Options	Number
Options currently on issue (quoted): exercisable at \$0.004 expiring 22 May 2022	328,579,315
Options currently on issue (unquoted): exercisable at \$0.03 on or before 10 Dec 2020	3,150,000
exercisable at \$0.04 on or before 10 Dec 2020	4,550,000
exercisable at \$0.05 on or before 10 Dec 2020	4,550,000
exercisable at \$0.06 on or before 26 Aug 2021	2,500,000
exercisable at \$0.08 on or before 26 Aug 2021	2,500,000
exercisable at \$0.10 on or before 26 Aug 2021	2,500,000
exercisable at \$0.025 on or before 14 Jan 2022	2,000,000
exercisable at \$0.035 on or before 14 Jan 2022	2,000,000
exercisable at \$0.02 on or before 31 May 2022	10,785,715
exercisable at \$0.08 on or before 14 Feb 2023	25,709,467
exercisable at \$0.06 on or before 12 Mar 2021	3,000,000
exercisable at \$0.08 on or before 12 Mar 2021	3,000,000
exercisable at \$0.003 on or before 14 Aug 2022	25,000,000
exercisable at \$0.003 on or before 13 Oct 2023	35,000,000
Options offered pursuant to the Offer	Nil
Total Options on issue on completion of the Offer	454,824,497

Performance Rights	Number
Performance Rights currently on issue: vesting at \$0.06 expiring on 15 Mar 2021	400,000
vesting at \$0.05 expiring on 30 Jan 2023	15,650,000
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue on completion of the Offer¹	16,050,000

Notes:

- At the Company's 2020 Annual General Meeting held on 26 November 2020, Shareholders approved the issue of 66,434,110 Performance Rights in aggregate to the Directors. This figure does not account for the Performance Rights to be issued to the Directors as approved at the Company's 2020 Annual General Meeting, given these securities are not on issue as at the date of this Prospectus. However, investors should note that the Company will issue the 66,434,110 Performance Rights within 1 month of the date of the Company's 2020 Annual General Meeting. Please refer to Section 7.5 and resolutions 7 to 10 set out in the Notice of Annual General Meeting dated 27 October 2020 for further details.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

4.3 Financial effect of the Offer

After paying for the expenses of the Offer of approximately \$10,000, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$200) will be met from the Company's existing cash reserves.

The Offer will have an effect on the Company's financial position, being receipt of funds of \$200 less expenses of the Offer of approximately \$10,000.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be

applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares,

the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

6.2 Company specific

(a) Coronavirus (COVID-19)

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and the Company's ability to freely move people and equipment to and from exploration projects may cause delays or cost increases. The effects of COVID-19 on the Company's Share price and global financial markets generally may also affect the Company's ability to raise equity or debt or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on potential revenue channels and any adverse impact on the Company and its operations. If

any of these impacts appear material prior to close of the Offer, the Company will notify investors under a supplementary prospectus.

(b) **Going concern risk**

The Company's annual financial report for the year ended 30 June 2020 (**Annual Report**) includes a note on the financial condition of the Company as set out below:

"For the year ended 30 June 2020 the Group incurred a loss after tax of \$1,340,757 (2019: \$4,410,376 and a net cash outflow from operations of \$711,728 (2019: \$4,066,312). At 30 June 2020, the Group has a working capital surplus of \$2,116,697 (2019: working capital of \$2,586,749) and current cash holding was \$1,108,285 (2019: \$666,560)."

Notwithstanding the above, the Directors stated in the Annual Report that:

"The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group has raised sufficient cash to continue operating beyond 12 months and will continue to raise further funds through subsequent capital raisings and will meet its expenditure commitments as required."

(c) **Exploration, development, mining and processing risks**

The tenements of the Company are at various stages of exploration, and prospective investors should understand that exploration and developments are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the base reserves of the Company and possible relinquishment of the tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature,

these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(d) **Tenement applications and license renewal**

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all. The Company has yet to receive regulatory and environmental approval to convert its exploration licences into production concessions. There is a risk that these approvals may not be obtained.

(e) **Additional Requirements for Capital**

The capital requirements of the Company depend on a number of factors. Depending on the ability of the Company to generate income from its operations, the Company may require additional financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. It is likely that the Company will need to raise additional funds in the near future, which may be dilutive to Shareholders depending on the terms of the capital raising.

(f) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(g) **Insurance risks**

There are significant exploration and operating risks associated with exploring for copper, gold, nickel, zinc and lead, including adverse weather conditions, environmental risks and fire, all of which can result in

injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Company's subsidiaries will be subject to liability for environmental risks such as pollution and abuse of the environment. The occurrences of a significant event against which the Company is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

(h) **Kimberley Mining Limited**

The Company is the largest shareholder in Canadian company Kimberley Mining Limited (**KML**) (with an approximate 80.3% interest). KML holds the Admiral Bay Zinc Project and incidental zinc assets.

KML's strategy had been to list on the TSXV. However, KML decided to not pursue the TSXV initial public offering due to poor market conditions. With the Company's assistance, KML has reduced all its costs and the project is on "care and maintenance".

The main Exploration License (E04/1610) was granted a two-year extension in September 2019. The Company is now actively exploring opportunities to monetise this asset.

As detailed in the Annual Report, the Company has entered into a mandate with Harbury Advisors to assist with the sale of the Company's interest in KML and the Admiral Bay Project. The Company will keep the market updated of any developments through its efforts to monetise this asset in accordance with its continuous disclosure obligations.

The Company would be affected by a poor commercial outcome, divestment of projects held by KML or a decrease in value of KML.

(i) **US Legal Proceedings**

As set out in the Company's Quarterly Activities Report released on 30 July 2020, the Company is aware of a claim filed in the United States District Court for the District of Minnesota in relation to the Company's previous activities, at which time it operated under the name *Portland Orthopaedics Limited*.

The Company released an update on the litigation in the United States on 26 November 2020 (**US Litigation Update**) and will continue to keep the market updated accordingly.

As set out in the US Litigation Update, the Company has instructed lawyers in the United States in relation to these matters.

6.3 Mining industry specific

(a) **Commodity Price Volatility and Exchange Rate Risks**

The revenue the Company will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for various commodities, technological

advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(b) **Resource Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(c) **Tenure and access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved.

Tenements are subject to the applicable mining acts and regulations in Western Australia. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(d) **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; continued availability of port storage and ship loading facilities which may be impacted due to capacity constraints; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(e) **Failure to satisfy Expenditure Commitments**

Interests in tenements are governed by the mining acts and regulations that are current in those States and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in its tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(f) **Government policy changes**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Western Australia may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

(g) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Company's tenements.

(h) **Aboriginal Heritage sites**

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972 (WA)* (**WA Heritage Act**). The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons. The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

The existence of Aboriginal heritage sites within the Company's projects may lead to restrictions on the areas that the Company will be able to explore and mine.

(i) **Native Title**

In relation to tenements which the Company has an interest in or may in the future acquire an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may acquire an interest.

(j) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial and/or trading position.

(k) **Environmental**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(l) **Mineral Resources Estimates**

Mineral resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop mineral resources. Consequently, the actual mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Company's projects encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, mineral resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

6.4 General risks

(a) **Competition Risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(b) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

In addition, the extent of the effects of COVID-19 is at this stage uncertain and continuing to evolve. The COVID-19 pandemic is having, and is expected to continue to have, a significant influence on the volatility of equity markets generally and may continue to impact and influence the value of the Company's quoted securities.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(f) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(g) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to returns of capital, payment of dividends or the market value of those Shares.

Prospective investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company other than as set out in Section 6.2(i).

7.2 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
1 December 2020	Proposed issue of Securities - MCT
26 November 2020	Results of Annual General Meeting
26 November 2020	Update on US Litigation
23 November 2020	Further Consolidation Kookynie Gold Project
23 November 2020	Transfer of Mulga Plum Option Agreement
23 November 2020	Continued Consolidation of Area Around Kookynie Gold Project
17 November 2020	Exercise of Options and Appendix 2A
13 November 2020	Appendix 2A
3 November 2020	Exercise of Options and Appendix 2A
29 October 2020	Quarterly Activities Report
29 October 2020	Quarterly Cashflow Report
28 October 2020	Exercise of Options and Appendix 2A
27 October 2020	Letter to Shareholders
27 October 2020	Notice of Annual General Meeting/Proxy Form
22 October 2020	Further Impressive Drill Results Kookynie Gold Project
22 October 2020	More Impressive Gold Results & Approval to Drill Big Anomaly
20 October 2020	Appendix 3Y Correction
19 October 2020	Change of Director's Interest Notice
19 October 2020	Exercise and Lapse of Options with Appendix 2A
19 October 2020	Reinstatement to Official Quotation
19 October 2020	Supreme Court Orders Granted

Date	Description of Announcement
14 October 2020	Unlisted Options Issue, Lapse and Exercise and Appendix 2A
13 October 2020	Court Application Update
9 October 2020	Delayed Appendix 2A and Cleansing Notices
9 October 2020	Prospectus Disclosure Document
9 October 2020	Company Update
7 October 2020	Date of Annual General Meeting
2 October 2020	Appendix 2A
2 October 2020	Suspension from Official Quotation
1 October 2020	Kookynie Leipold Continues to Deliver Outstanding Results
1 October 2020	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at **www.metalicity.com.au**.

7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.029	15 September 2020
Lowest	\$0.017	1 December 2020
Last	\$0.017	1 December 2020

7.4 Substantial holders

Based on publicly available information as at the date of this Prospectus, no person (together with their associates) has a relevant interest in 5% or more of the Shares on issue.

In the event all Shares are issued no person will become a substantial holder of the Company on completion of the Offer.

7.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held, within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security Holdings

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Options	Performance Rights
Matthew Longworth ¹	4,940,857	4,464,238	-
Andrew Daley ²	13,992,982	5,250,000	-
Jason Livingstone ³	23,574,348	4,000,000	10,000,000
Justin Barton ⁴	15,439,284	-	5,625,000

Notes:

1. Mr Longworth's relevant interest in securities comprises an indirect interest (held by Matt Mining Pty Ltd <The Longworth Super Fund A/C>, an entity associated with Mr Longworth) in 4,940,857 Shares and 4,464,238 Options, comprising of:
 - (a) 1,400,000 Options exercisable at \$0.03 each on or before 10 December 2020;
 - (b) 1,400,000 Options exercisable at \$0.04 each on or before 10 December 2020;
 - (c) 1,400,000 Options exercisable at \$0.05 each on or before 10 December 2020; and
 - (d) 264,238 listed Options exercisable at \$0.004 each on or before 22 May 2022.
2. Mr Daley's relevant interest in securities comprises an indirect interest (held by Mr Andrew Daley and Mrs Ineke Daley <Motherlode Super Fund Account>, an entity associated with Mr Daley) in 13,992,982 Shares and 5,250,000 Options, comprising of:
 - (a) 1,750,000 Options exercisable at \$0.03 each on or before 10 December 2020;

- (b) 1,750,000 Options exercisable at \$0.04 each on or before 10 December 2020; and
 - (c) (c) 1,750,000 Options exercisable at \$0.05 each on or before 10 December 2020.
3. Mr Livingstone's relevant interest in securities comprises a direct interest in 23,574,348 Shares, 10,000,000 Performance Rights vesting at \$0.05 expiring on 30 January 2023, 2,000,000 Options exercisable at \$0.025 each on or before 14 January 2022 and 2,000,000 Options exercisable at \$0.035 each on or before 14 January 2022.
 4. Mr Barton's relevant interest in securities comprises an indirect interest (held by Coventina Holdings Pty Ltd ATF <Coventina Family Trust>, an entity associated with Mr Barton) in 15,439,284 Shares and 5,625,000 Performance Rights vesting at \$0.05 expiring on 30 January 2023.

As set out at Section 4.2, at the Company's 2020 Annual General Meeting held on 26 November 2020, Shareholders approved the issue of 66,434,110 Performance Rights in aggregate to Mr Matthew Longworth, Mr Andrew Daley, Mr Jason Livingstone and Mr Justin Barton (or their respective nominees) as follows:

	Tranche A (20-day VWAP of at least \$0.04)	Tranche B (20-day VWAP of at least \$0.06)
Jason Livingstone	12,299,465	15,231,788
Justin Barton	10,695,187	13,245,033
Matthew Longworth	4,010,695	4,966,887
Andrew Daley	2,673,797	3,311,258
Total	29,679,144	36,754,966

The table above setting out the security holdings of the Directors does not account for the Performance Rights to be issued to the Directors as approved at the Company's 2020 Annual General Meeting, given these securities are not on issue as at the date of this Prospectus. However, investors should note that the Company will issue the 66,434,110 Performance Rights within 1 month of the date of the Company's 2020 Annual General Meeting.

Please refer to resolutions 7 to 10 set out in the Notice of Annual General Meeting dated 27 October 2020 for further details.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and

other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the annual remuneration paid to both executive and non-executive directors for the previous two financial years and the proposed annual remuneration for the current financial year.

Director	FY2019 ¹	FY2020 ^{1,2,3}	FY2021 ¹
Mathew Longworth	\$199,742	\$97,812	\$75,000
Jason Livingstone ⁴	\$90,231	\$281,183	\$230,000
Justin Barton	\$212,458	\$230,514	\$200,000
Andrew Daley	\$83,750	\$50,000	\$50,000

Notes:

1. Includes salaries and fees and statutory superannuation.
2. The figures for FY2020 in relation to Mr Livingstone and Mr Barton include the value of equity based remuneration issued to these Directors (being, the issue of Performance Rights). The Performance Rights were valued based on the hurdle price of the Performance Rights, discounted (as determined by the Board) by a probability factor of achieving the relevant hurdle.
3. On 13 August 2020 the Company held a general meeting at which Shareholders approved the issue of 23,882,240 Shares in aggregate to the Directors in lieu of \$64,482.05 in accrued Directors' fees and salaries. Please refer to resolutions 6 to 9 set out in the Notice of General Meeting dated 10 July 2020. The Company issued the 23,882,240 Shares respectively to the Directors on 14 August 2020.
4. Mr Livingstone was appointed as Managing Director on 1 July 2019. Mr. Livingstone commenced employment with Metalicity Limited on 18 February 2019.

The figures for FY2021 set out in the above table do not account for the value of the Performance Rights to be issued respectively to the Directors as approved by Shareholders at the Company's 2020 Annual General Meeting. Please refer to Section 4.2 and resolutions 7 to 10 set out in the Notice of Annual General Meeting dated 27 October 2020 for further details.

The Company notes Mathew Longworth was previously a director of Affinis Pty Ltd (**Affinis**). Affinis was a subsidiary of Echo Resources Limited (**Echo**) of which Mr Longworth was chairman. By extension of Mr Longworth's position as chairman, he was also a director of the wholly owned subsidiary. In late 2014 Echo sought to call in its loan to Affinis and subsequently appoint liquidators to Affinis. As a result, Affinis was liquidated during the course of 2015 by Bentley's Corporate Restructuring.

In addition, the Company notes Mr Longworth was appointed as Independent Non-Executive Chair of Ardea Resources Limited on 31 July 2020. He is also the Non-Executive Chair of Greenfields Exploration Limited and a Director of Kimberley Mining Limited.

The Directors (other than Mathew Longworth) have considered the above circumstances surrounding Mr Longworth's involvement in the above companies and are of the view that Mr Longworth's involvement in these companies in no way adversely impacts on his appointment and contribution as a Director of the Company.

The Company notes Andrew Daley was previously a director of Bulong Nickel Pty Ltd and Bulong Operations Pty Ltd (together, the **Bulong Companies**). The Bulong Companies were the subsidiaries of Preston Resources Ltd (**Preston**), which went

into Administration in 2002. Barclays Bank was Preston's major creditor and continued to support the Bulong nickel mine operations after the boards of the two Bulong Companies were restructured. Mr Daley was employed by Barclays Capital London and was appointed as the Barclays director on the boards of the Bulong Companies. After approximately a year of continued high operating costs forced the closure of the mine and receivers were appointed for each of the Bulong Companies.

In addition to the above, Mr Daley was a non-executive director of KGL Resources Limited (**KGL**) between November 2004 and May 2015. During 2012, KGL's wholly owned subsidiary, Kentor Minerals (WA) Pty Ltd (**KMWA**), began commissioning of a gold mining project in Western Australia, the Murchison Gold Project. The challenge of bringing the Murchison Gold mine into production proved much more difficult than had been anticipated. The start-up of operations was delayed and when processing ore did commence, the build up towards design production rates was slower than had projected and hence unit costs were substantially higher. As of December 2012 production at the Murchison Gold Project was still below target and additional working capital was required to reach a cash flow positive position. KMWA was unable to secure additional funding to support the project and the board resolved to appoint administrators to KMWA in March 2013. Subsequent to the administrators' appointment mining operations at the Murchison Gold Project were suspended. KGL was the major creditor of KMWA. On 10 July 2013, creditors of KMWA approved the terms of a Deed of Company Arrangement (**DOCA**). The DOCA was effectuated in August 2013, at which time control of KMWA reverted to the directors. In late 2013, KGL announced that a binding sale agreement has been executed to sell the Murchison Gold Project for total cash consideration of \$15m. The transaction was completed in early 2014.

The Directors (other than Andrew Daley) have considered the above circumstances surrounding Mr Daley's involvement in the above companies and are of the view that Mr Daley's involvement in these companies in no way adversely impacts on his appointment and contribution as a Director of the Company.

The Company notes on 20 May 2020, Justin Barton was appointed interim Director of Great Western Exploration Limited following the sudden passing of one of its Directors. Justin Barton resigned as interim Director on 4 June 2020. Mr Barton is also a Director of Kimberley Mining Limited.

The Directors (other than Justin Barton) have considered the above circumstances surrounding Mr Barton's involvement in the above company and are of the view that Mr Bartons's involvement in this company in no way adversely impacts on his appointment and contribution as a Director of the Company.

7.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$306,078.04 (excluding GST and disbursements) for legal services provided to the Company.

7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors, any persons named in this Prospectus with their consent as proposed Directors, any underwriters, persons named in this Prospectus with their consent having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading and deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, the other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.8 Estimated expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$10,000 (excluding GST) and are expected to comprise legal fees, printing and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

7.9 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at **www.metalicity.com.au**.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Company's share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in blue ink, appearing to read 'J. Livingstone', is positioned above a horizontal line.

Jason Livingstone
Managing Director
For and on behalf of
METALICITY LIMITED

9. GLOSSARY

\$ means an Australian dollar.

Applicant means an investor that applies for Shares under the Offer using an Application Form pursuant to this Prospectus.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors as constituted from time to time.

Closing Date means the closing date of the Offer as set out in the indicative timetable in Section 2.1 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Metalicity Limited (ACN 086 839 992).

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Offer means the offer of Shares referred to in Section 3.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as set out in the indicative timetable in Section 2.1 (unless varied).

Option means an option to acquire a Share.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.