

June 2019 Quarterly Activities Report

HIGHLIGHTS

- **Completed Farm-in on Kookynie and Yundamindra Gold projects.**
- **Key near-term gold assets added to emerging portfolio of projects in the WA Goldfields, Fraser Range, Musgrave and Paterson Provinces.**
- **Significant “Exploration Target” stated for the Kookynie Gold Project.**
- **Exploration commenced with mapping completed and our maiden drilling campaign at Kookynie completed post quarter-end with:**
 - 632 metres of reverse circulation drilling over 5 holes
 - 569.6 metres of diamond core drilling completed over 2 holes
 - At time of lodging quarterly report, assays still pending.
- **Core sampling and geophysical re-processing at Fraser Range North Project identifies two intrusive nickel copper targets.**

CORPORATE

- **Appointment of Mr. Jason Livingstone to Managing Director with Mr. Mat Longworth assuming the Non-Executive Chairman role.**
- **Placement completed to execute our drilling programme at the Kookynie Gold Project.**
- **Cash balance at the end of the quarter of \$705,000.**

Metalicity Limited (ASX: MCT) (“MCT” or “Company”) is pleased to provide a quarterly activities report for the period ending 30 June 2019, which saw the Company commence its maiden drilling campaign at the highly-prospective Kookynie Gold Project, located in the West Australian Goldfields (please refer to ASX Announcement, “*Drilling Commences at Kookynie Gold Project*” dated 26 June 2019).

Commenting on the period, Metalicity Managing Director Jason Livingstone said:

“The commencement of drilling is a really pleasing development for the Company, which has seen its revitalised exploration strategy identify top-quality prospects and execute an agreement to farm-in and start resource drilling.”

“While the Kookynie and Yundamindra Gold Projects represent an outstanding opportunity for the Company, Metalicity will continue to develop its assets in the Paterson Province, Musgrave and Fraser Range, while also assisting Kimberley Mining in developing investment opportunities for its zinc assets.”

“It truly is an exciting time at Metalicity, and I am honoured that I have been given the role of Managing Director and I look forward to creating value through well executed exploration, development and acquisition.”

Kookynie and Yundamindra Gold Projects

The Company entered a Farm-in agreement with Nex Metals Explorations Limited to explore one of the Eastern Goldfields' last remaining, under-explored historic production centres. Through the agreement, the Company is able to earn up to a 51 percent interest in the Projects, permitting the Company to explore a host of historic mines in the WA Goldfields which have had limited to no extensional exploration. Please refer to ASX Announcement "Metalicity Farms Into Eastern Goldfields Gold Projects" dated 6 May, 2019.

The Kookynie Gold Project hosts the Cosmopolitan Gold Mine which produced 360,000 ounces from 1895 to 1922, as well as Cumberland, Diamantina, McTavish, Leipold and Champion prospects.

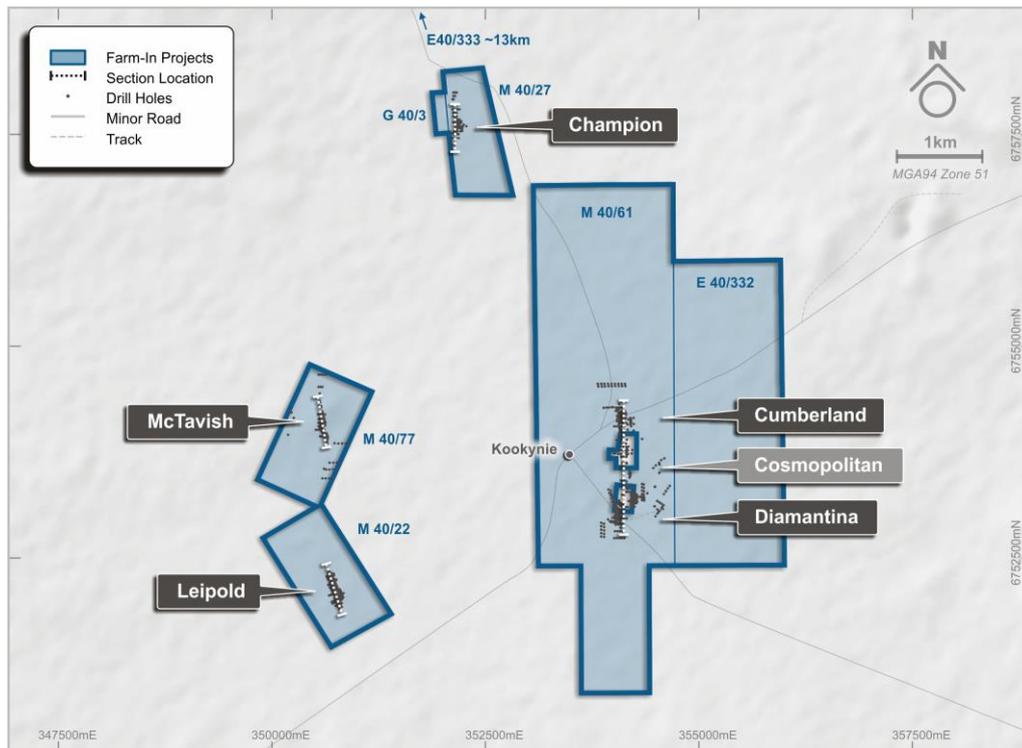


Figure 1 – Kookynie Project Map

The initial drilling completed by the Company, after completing detailed mapping, focussed on the Diamantina-Cosmopolitan-Cumberland (DCC Trend), where the Company drilled two diamond drilling holes totalling 569.6 metres. Reverse Circulation (RC) drilling was also executed at the McTavish, Champion prospects, along with the DCC Trend, for a total of 632 metres over five holes (one being an RC pre-collar for a diamond tail on the DCC Trend). This programme was designed to test the strike and down dip extents of the observed mineralisation at each of the Prospects tested. Unfortunately, at the time of writing this quarterly report, not all assays have been received from the alternate laboratory used for the quality control measures put in place. However, upon receipt and processing of the results, we will make the required announcement to describe our findings.

The Company is waiting for assay results, which will be released to market as soon as possible.

Furthermore, the Company completed an "Exploration Target" statement based on data from historical pre-JORC 2012 Mineral Resource Estimates, historical production and historical drilling results, which estimates demonstrates significant exploration potential. Please refer to ASX Announcement, "Kookynie Exploration Target Demonstrates Gold Potential" dated 23 May 2019.

The Kookynie gold project has a total “Exploration Target” of between 230,000 ounces and 510,000 ounces and is exclusive of historically stated mineral resource estimates ⁽¹⁾.

(1) “Exploration Target” cautionary statement: **The potential quantity and grade is conceptual in nature, given that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.**

Project: Kookynie						
Prospect	Grade Range		Tonnage Range		Ounces	
	Lower g/t Au	Upper g/t Au	Lower tonnes	Upper Tonnes	Lower ounce range	Upper Ounce Range
Diamantina-Cosmopolitan-Cumberland (DCC) Trend	10.0	15.0	250,000	500,000	150,000	250,000
The Champion Prospect	3.6	6.0	120,000	300,000	20,000	60,000
The McTavish Prospect	1.8	4.0	80,000	500,000	30,000	100,000
The Leipold Prospect	1.5	4.0	500,000	750,000	30,000	100,000

Table 1 – Kookynie Project Exploration Target

Fraser Range North Project

During the period, Metalicity completed petrographic investigations – the analysis of rock composition via polished thin sections, and multi-element analytical work from diamond core available from the DMIRS Kalgoorlie Core Library within its Fraser Range North Project. The investigation has confirmed the Project’s potential to host copper bearing mineralisation in a layered mafic intrusive. Please refer to ASX Announcement “Potential Copper Nickel Mineralisation at Fraser Range North” dated 3 May 2019.

The project consists of approximately 220km² of Project Area Applications across two tenements (E69/3676 and E69/3677).

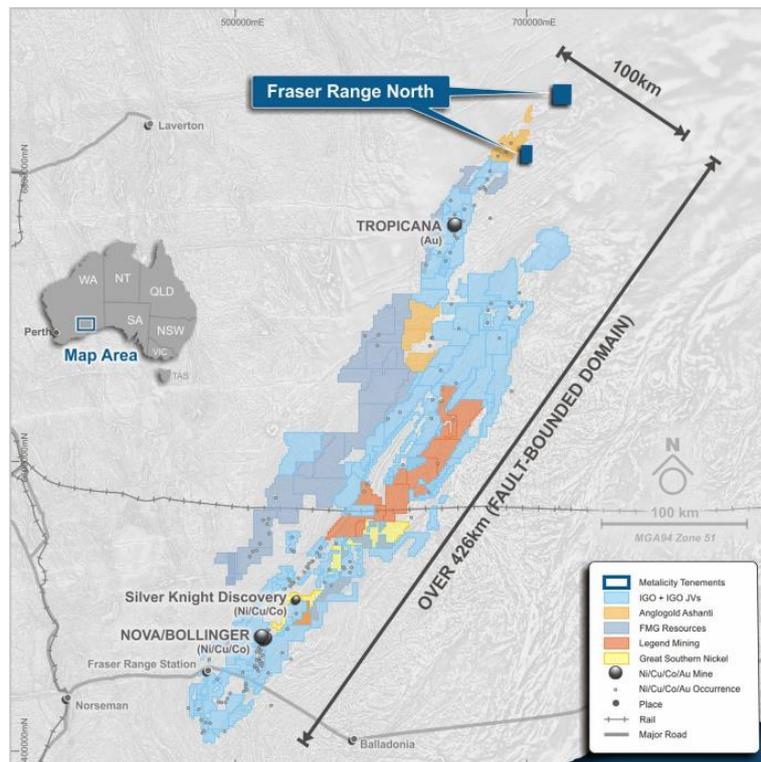


Figure 3 – Fraser Range North Project

The Company’s identified the targets following a review of regional magnetic and gravity data. Subsequent open file investigations noted that historic diamond drilling intersected what they logged as layered mafic

intrusives with trace chalcopyrite. Kennecott conducted an exploration campaign consisting of two diamond core holes (N3-1 at E69/3677 and N1-1 at E69/3676) which encountered mafic intrusive anomalies.

The Company accessed the core in the Kalgoorlie Core Library, and analysed thirty nine samples, four from N1-1 and 35 from N3-1, to understand the mineralogy of specific fractions within the layered mafic units and the whole rock geochemistry.

Results from analysis has identified fractionated mafic intrusion containing copper values of up to 0.04% due to the presence of Chalcopyrite. The results demonstrate the presence fertile intrusions in an area which has not been targeted for Fraser Range-style, nor Musgrave-style deposits and has received no further modern base metals exploration since Kennecott in the early 1980's. The finding is made in a region which has delivered globally significant nickel-copper projects, such as the Nova-Bollinger Mine and the Silver Knight Deposit.

The Company continued with reprocessing publicly available gravity and magnetic data at E69/3677 and E69/3676 and used 3D magnetic inversion techniques to identify magnetically charged conductors.

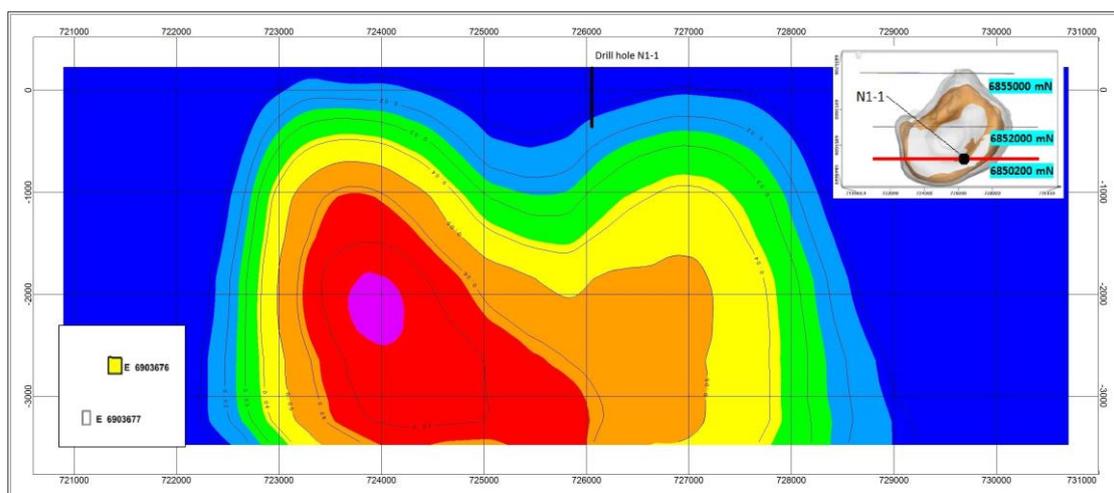


Figure 4 – E69/3677 Magnetic Inversion Cross Section with Kennecott Drill Hole Annotated.

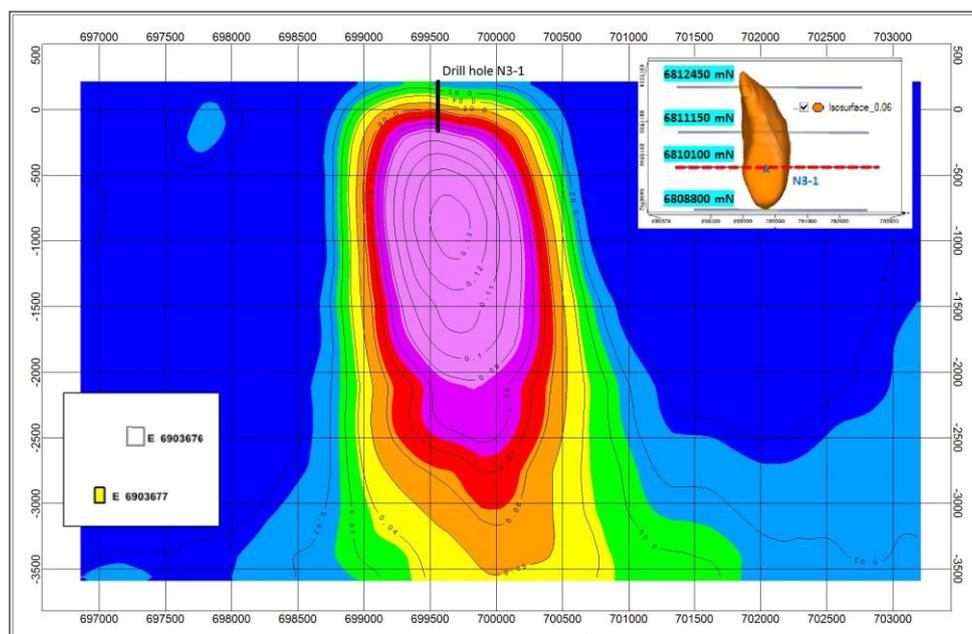


Figure 5 – E69/3676 Magnetic Inversion Cross Section with Kennecott Drill Hole Annotated.

The reworked gravity and magnetic data demonstrate the presence of two significant, underexplored geophysical anomalies co-located with drilling which has intersected layered mafic rocks coupled with observed copper minerals. Metalicity intends to expedite grant of the tenements and follow-up these targets with a ground, moving loop electro-magnetic (EM) survey, which will further define the source of the magnetic anomaly.

Regional Projects

The company completed a detailed assessment of the Mandora, Desert Queen, Paterson South, Pandora, Warburton and North Fraser Range tenement applications. This allowed the focusing on high priority targets. Hence, and during the Company's efforts to market the regional Projects, and with regard to a focus on developing the Kookynie and Yundamindra Projects, the following tenements have been rationalised:

Tenement ID	MCT Project Name	Status
E45/5368	Desert Queen	Pending
E45/5369	Desert Queen	Pending
E45/5375	Desert Queen	Pending
E45/5376	Desert Queen	Pending
E45/5377	Desert Queen	Pending
E15/1611	Madoonia Downs	Live
E45/5370	Mandora	Pending
E45/5372	Mandora	Pending
E45/5373	Mandora	Pending
E45/5378	Mandora	Pending
E69/3654	Paterson South	Pending
E69/3657	Paterson South	Pending
E69/3669	Paterson South	Pending
E69/3670	Paterson South	Pending

Table 2 – Rationalised Tenements

We have and will progress the Warburton, Pandora and the single Mandora tenement, E45/5371 (153 graticular blocks at approx. 480km²) through to grant, which is expected in the October – December quarter of 2019.

The Mandora, E45/5371 tenement hosts approximately twenty-five kilometres of the Waukarlycarly Fault within the El Paso mineralised corridor, which 80 kilometres south, within this same structural corridor, Rio Tinto's Winu prospect is situated.

Furthermore, the Warburton and Pandora Projects have demonstrated that copper mineralisation exists and depth to basement issues are non-existent.

The rationalisation of the above tenure will see a return to Metalicity of approximately \$167,000 through the return of rents that have been forward paid when the tenure was applied for. The Company still holds a significant regional footprint within the Fraser Range, Warburton, Pandora and Mandora tenure.

Kimberley Mining Limited proposed TSX-V Listing

Metalicity is the largest shareholder in Canadian company Kimberley Mining Limited (KML), (81.1%), KML holds the Admiral Bay Zinc Project and incidental zinc assets. KML's strategy has been to list on the TSXV. Capital markets in North America and in particular Canada have been exceptionally difficult leading to the deferral of

the listing on several occasions. KML is undertaking a strategic review, with a view to raise interim capital and consider the most supportive exchange for the revised direction.

Metalicity provides limited assistance on commercial terms to KML through this period with a view to maximising benefits to all shareholders.

Financial

During the quarter the Company completed a placement which issued 22,514,285 new ordinary shares at \$0.007 per share to raise \$156,770. As part of the Placement, the Company issued 11,257,142 unlisted options to parties associated with the placement. The options will be priced at an exercise price of \$0.02 and will have an expiry date of 31 May 2022.

Funds raised via the placement have been used to support its drilling campaign at the Kookynie Gold Project.

Cash balance at the end of the quarter was approximately \$705,000, with the most significant costs incurred during the quarter relating to exploration with 64% of expenditure falling into this category.

Corporate

Metalicity has completed a review of its board and senior management positions, appointing Mr. Jason Livingstone as Managing Director and Chief Executive Officer, effective 1 July 2019.

Mr. Livingstone is a well credentialed geologist and mining executive with 20 years' experience as a geologist, working within gold, copper, nickel, lead, zinc, iron ore, graphite and vanadium. He is a graduate of both the West Australian School of Mines and the Curtin Graduate School of Business.

Concurrent with Mr. Livingstone's appointment, Mr. Mat Longworth will assume the position of Chairman with Mr Andrew Daley relinquishing the role after six years of service. Mr. Daley remains on the Board as a Non-Executive Director.

ENQUIRIES

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Competent Persons Statement

For relevant Competent Person Statements and associated Table 1 Information, please refer to the ASX Announcements noted within the above report.

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have reasonable basis. However, forward-looking statements:

(a) are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies;

(b) involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such risks include, without limitation, resource risk, metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which the Company operates or supplies or sells product to, and governmental regulation and judicial outcomes; and

(c) may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

The words "believe", "expect", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward-looking statements.

All forward-looking statements contained in this presentation are qualified by the foregoing cautionary statements. Recipients are cautioned that forward-looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. The Company disclaims any intent or obligation to publicly update any forward-looking statements, whether as a result of new information, future events or results or otherwise.