

## September 2019 Quarterly Activities Report

### HIGHLIGHTS

- Maiden drilling successfully identified gold mineralisation extending past known areas at Kookynie
- Significant additional gold mineralisation identified post quarter-end from follow-up drilling:
  - Leipold: 9 metres @ 7.31 g/t Au from 34 metres including:
    - 3m @ 7.91 g/t Au from 34 metres
    - 4m @ 10.4 g/t Au from 39 metres
    - 1m @ 31.2 g/t Au from 40 metres
  - McTavish: 3 metres @ 1.41 g/t Au from 73 metres
  - Champion: 1 metre @ 1.35 g/t Au from 127 metres
- Bolstered tenure at Kookynie and Yundamindra gold projects to more than 11,600ha
  - Kookynie:
    - Outright acquisition of P40/1331 - contiguous with Champion project
    - Farm-in over the next two years for E40/289 - adjacent to Orient Well gold mine
  - Yundamindra:
    - Farm-in over the next two years for E39/1773 and E39/1774
- Recent consolidation activities contribute towards Farm-in agreement with Nex Metals to spend \$5 million over five years to earn 51% of the projects

### CORPORATE

- Share placement and 1-for-4 non-renounceable rights issue commenced to raise ~\$1.1 million before costs
- Proceeds to fund a large exploration programme of predominantly RC and DD at Kookynie project
- Current cash balance, post quarter end with sophisticated placement and rights issue completion of approximately \$510,000.

Metalicity Limited (ASX: MCT) ("MCT" or "Company") is pleased to provide the quarterly activities report for the period ending 30 September 2019, which saw the Company actively explore the Kookynie Gold Project with two drilling programmes.

**Commenting on the drilling activity, Metalicity managing director Mr Jason Livingstone said:**

*"The Company has been highly active during the period, conducting two drilling programmes at the promising Kookynie Gold Project, with both campaigns delivering exciting results.*

*The exploration work to date is early stage, however all indications suggest that there is excellent potential for gold mineralisation to exist beyond areas historically mined and drilled.*

*To date, Kookynie has returned significant drilling intersections across each of its historically mined prospects and the most recent results have demonstrated the potential for elevated grades. The results at the Leipold project are particularly encouraging and will further guide the Company's future drilling work, which we hope to commence in the near-future."*

## Kookynie and Yundamindra Gold Projects

Metalicity has continued to actively develop its Kookynie and Yundamindra Gold Projects, located in the Goldfields district of Western Australia.

The Kookynie Project, which is located approximately 50 km south of Leonora is host to six historic, large-producing historical mines: Champion, McTavish, Leipold, Diamantina, Cosmopolitan and Cumberland.

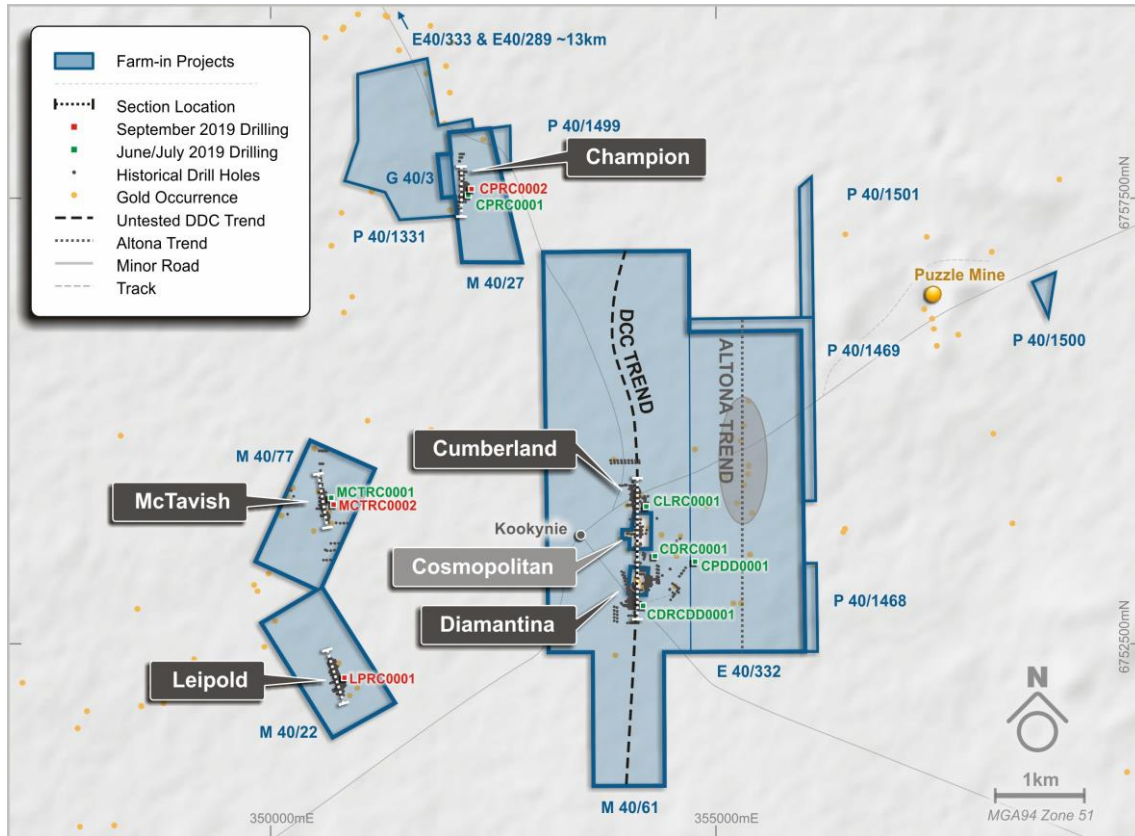


Figure 1 – Kookynie Area Tenement Map

The Company has successfully completed two drilling campaigns at the project during the period, which have intersected significant gold mineralisation beyond the boundaries of the historic activities.

The most recent follow-up drilling campaign consisted of three RC drill holes at the Leipold, McTavish and Champion projects (See ASX Announcement dated 2/10/19).

Prospect	Hole ID	Hole Type	MGA 94 Zone 51 South						From (m)	To (m)	Down Hole Width	Grade (Au g/t)	Comments
			Easting	Northing	RL	EOH	Dip	Azi					
Leipold	LPRC0001	RC	350,744	6,752,130	420	48	-60	250	34	43	9	7.31	9m @ 7.31 g/t Au from 34m
									34	37	3	7.91	3m @ 7.91 g/t Au from 34
									39	43	3	10.4	3m @ 10.4 g/t Au from 39
									40	41	1	31.2	1m @ 31.2 g/t Au from 40m
McTavish	McTRC0002	RC	350,647	6,754,098	424	84	-60	270	73	76	3	1.41	3m @ 1.41 g/t Au from 73m
Champion	CPRC0002	RC	352,265	6,757,582	416	138	-60	250	127	128	1	1.35	1m @ 1.35 g/t Au from 127m

Table 1 – Significant Drill Hole Intercepts

At Leipold the Company intersected the mineralised structure but also confirmed the high-grade nature of the prospect, with a broad intercept of 9 metres @ 7.31 g/t Au from 34 metres. This intercept included a very high-grade metre at 31.2 g/t Au from 40 metres down hole. The very shallow nature of these results also highlights the possibility of open pit mining options.

The Company completed a single RC drill hole at the McTavish prospect to a depth of 84 metres, down dip from historical exploration and along strike from Metalicity's maiden intercept. Drilling at McTavish returned 4 metres @ 6.4 g/t Au from a depth of 67 metres, as well as also intersecting the mineralised structure.

A single 138-metre-deep RC hole has also targeted down plunge mineralisation at the Champion prospect. The drill hole encountered the structure as well as quartz veining with significant pyrite, chalcopyrite and pyrrhotite sulphide mineralogy. Results from Champion returned 1 metre @ 1.35 g/t Au from 127 metres.

The results complement the maiden drilling campaign, which was also completed during the period, with the exploration programme consisting of three holes into the Diamantina-Cosmopolitan-Cumberland trend (DCC trend) and a single hole into McTavish and Champion (See ASX Announcement dated 31/07/19).

The initial drilling campaign has also demonstrated the extension of the mineralised structure and the existence of gold mineralisation across the various prospects.

Results from this programme included 2 metres @ 22.1 g/t Au from 76 metres at Cosmopolitan, 4 metres @ 6.4 g/t Au from 67 metres at McTavish and 2 metres @ 1.4 g/t Au from 72 metres at Cumberland

The table below summarises significant intercepts returned from all programmes to date:

Prospect	Hole ID	Tenement	Hole Type	MGA 94 Zone 51 South			EOH	Dip	Azi	From (m)	To (m)	Down Hole Width	Grade (Au g/t)	Comments
				Easting	Northing	RL								
Leipold	LPRC0001	M40/22	RC	350,744	6,752,130	420	48	-60	250	34	43	9	7.31	9m @ 7.31 g/t Au from 34m
										34	37	3	7.91	3m @ 7.91 g/t Au from 34
										39	43	3	10.4	3m @ 10.4 g/t Au from 39
										40	41	1	31.2	1m @ 31.2 g/t Au from 40m
McTavish	McTRC0001	M40/77	RC	350,647	6,754,118	423	112	-60	270	67	71	4	6.4	4m @ 6.4 g/t Au from 67m
	inc									67	68	1	15.47	1m @ 15.47 g/t Au from 67m
	McTRC0002									350,647	6,754,098	424	84	-60
Champion	CPRC0001	M40/27	RC	352,224	6,757,503	417	112	-60	270	Stope fill intersected - structure present but mined out.				
	CPRC0002			352,265	6,757,582	416	138	-60	250	127	128	1	1.35	1m @ 1.35 g/t Au from 127m
DCC Trend	CDRCDD0001	M40/61	RC/DD Tail	354,377	6,753,209	427	186.33	-60	270	167	167.72	0.72	3.1	0.72m @ 3.1 g/t Au from 167m
										173.07	173.28	0.21	8.8	0.21m @ 8.8 g/t Au from 173.07
										174.85	176	1.15	1.5	1.15m @ 1.5 g/t Au from 174.85
	CLRC0001	M40/61	RC	354,153	6,754,058	429	136	-60	270	72	74	2	1.4	2m @ 1.4 g/t Au from 72m
	CDDD0001	E40/332	DD	354728	6753398	432	529.5	-60	270	Structure diluted by Proterozoic Dolerite Dyke				
CDRC0001	M40/61	RC	354284	6753513	430	148	-60	270	76	78	2	22.1	2m @ 22.1 g/t Au from 76m	

**Table 2 – Drill Hole Intercepts**

Throughout the period, Metalicity also continued to expand its tenure at the Kookynie and Yundamindra Projects, making efforts to consolidate its landholdings in an area which has historically been characterised by fractured ownership.

Importantly, all of funds used through its acquisition and farm-in activities at Kookynie and Yundamindra will be included and contribute towards Metalicity's arrangement with NEX Metals to spend \$5 million to earn 51% ownership of the projects.

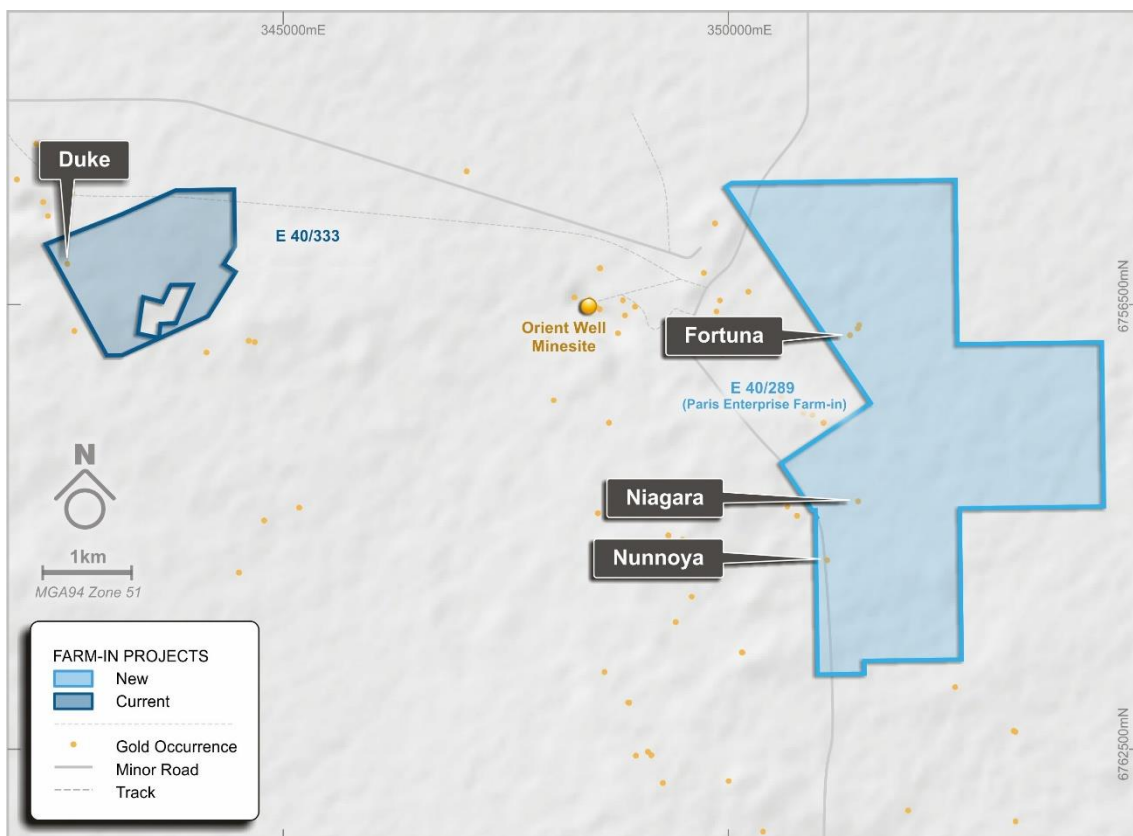
At Kookynie, the Company has outright acquired the prospecting license P40/1331 which is immediately west of the lease hosting the Champion project (M40/27), see Figure 1.

P40/1331 is a live prospecting tenement purchased from the vendor for \$10,000, with a further \$10,000, six months from the date of transfer, and a royalty of 1% NSR on the first 50,000 ounces of production that may potentially be sourced from within this area.

Following the acquisition, the Company has also entered into two farm-in agreements to further consolidate its Goldfields land holdings. The first of these farm-ins is for exploration license E40/289, located at the Kookynie project.

E40/289 is located immediately east of the Orient Well Mine Site, along strike from Genesis Mineral’s Ulysses and Orient Well NW projects (please see Figure 2).

Metalicity has arranged to spend \$200,000 over 2 years to earn 100% of the tenure. Upon reaching this milestone, the former holder will revert to a royalty of 1% NSR on the first 50,000 ounces of production that may potentially be sourced from within this area.



**Figure 2 – Kookynie Area (North) Tenement Map**

The Company has also arranged two farm-in agreements at Yundamindra for exploration licenses E39/1773 and E39/1774.

The tenements are owned by a private entity and are immediately south of the Yundamindra Gold Project (See Figure 3). The tenements potentially host strike extents of the mineralisation observed at the Queen of May and Bound to Rise prospects.

Whilst currently under plaintiff, Metalicity is comfortable that the current owners can defend this claim and is tasked with doing so under the farm-in agreement.

Under the farm-in agreement E39/1773 and E39/1774 Metalicity will spend \$200,000 over 2 years to earn 100% of the tenure. Upon reaching this milestone, the owners will revert to a royalty of 1% NSR on the first 50,000 ounces of production that may potentially be sourced from within this area.

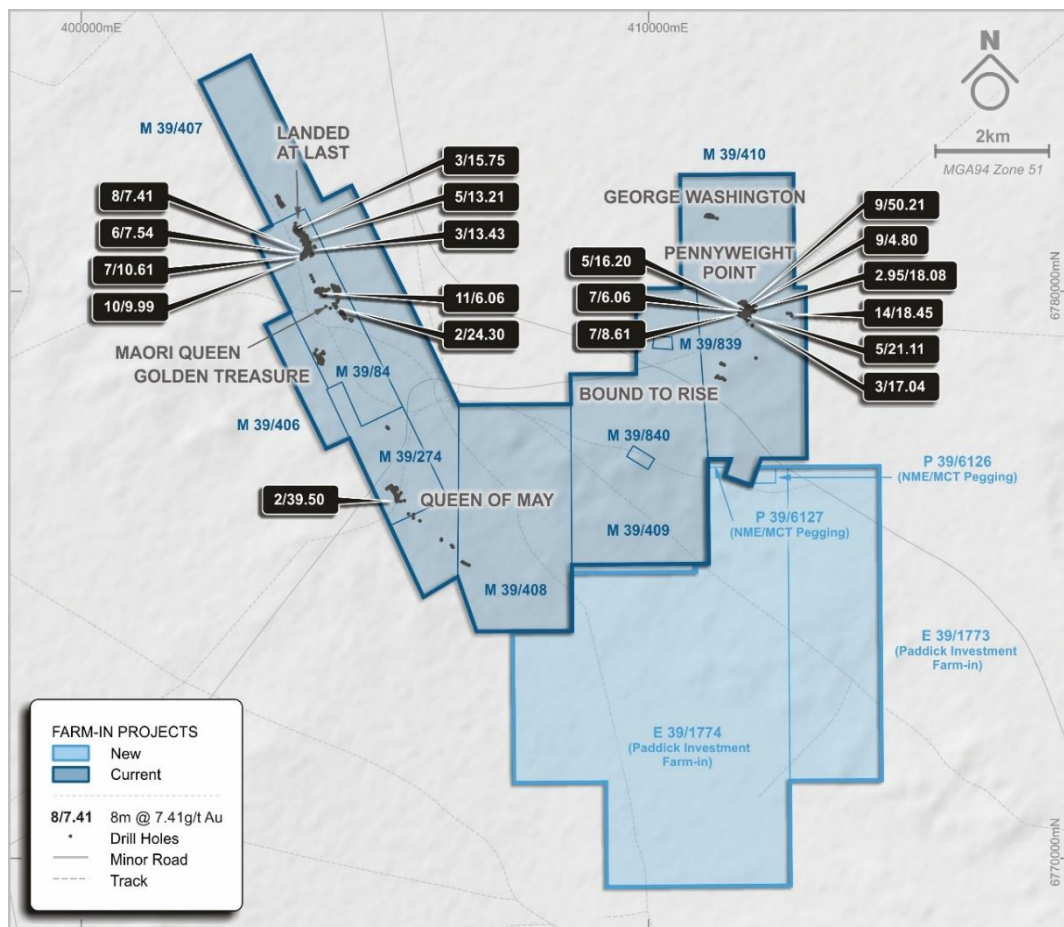


Figure 3 – Yundamindra Tenement Map

## Regional Projects

Native Title negotiations and agreements are progressing well for the Mandora, Warburton, Pandora and North Fraser Range Projects. We expect to update the market in the near future.

## Kimberley Mining Limited

During the quarter, Kimberley Mining Limited (KML) reduced expenditure and worked to reduce commitments on non-core tenements. KML continues to evaluate options for the tenements moving forward.

## Financial

During the period Metalicity announced a share placement and a 1-for-4 non-renounceable Rights Issue to raise a total of circa \$1.1 million before costs. The primary focus of the offer, if fully subscribed, is to fund a large programme of (predominately) reverse circulation (RC) and diamond drilling (DD), at the Kookynie Project to confirm and extend zones of known mineralisation at the defined Cosmopolitan, Diamantina, Cumberland, Champion, McTavish and Leipold prospects.

Assuming the rights issue is fully subscribed and after completion of the placement, a total of 156,105,619 shares and 31,221,124 new options will be issued.

Eligible shareholders will be given the opportunity to apply for additional securities in excess of their entitlement, which shall be allocated at the absolute discretion of the board.

Cash balance at the end of the quarter was approximately \$263,000, with the most significant costs incurred during the quarter relating to exploration with 76% of expenditure falling into this category

## Corporate

Jason Livingstone was appointed as Managing Director and CEO as of the 1 July 2019, concurrent with the appointment of Mathew Longworth as Non-Executive Chairman. Andrew Daley step down as Non-Executive Chairman and is now Metalicity's Non-Executive Director.

## ENQUIRIES

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### Competent Persons Statement

For relevant Competent Person Statements, please refer to the announcement referenced.

### 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.