

ASX RELEASE: 2 August 2022

METALICITY LAUNCHES COURT ACTION SEEKING 22.28% OF NEX METALS SHARES TO BE VESTED IN ASIC AND SOLD

Highlights

- Metalicity has commenced a court action seeking to disregard the votes of approximately 60 million shares of Nex Metals, purportedly voted at some of Nex Metals' recent meetings.
- The court action comes after Nex Metals' Managing Director Mr Ken Allen purported to act for 26 individual Nex Metals shareholders and lodged proxy voting instructions online "on their behalf" without clear authority at the recent Nex Metals AGM.
- A further Order is being sought for circa 60 million shares in Nex Metals (representing ~22.28% of Nex Metals) to be vested with ASIC and sold.

Metalicity Limited (ASX: MCT) ("**the Company**"; or "**Metalicity**") confirms that it has launched a court action against Nex Metals Exploration Ltd's (ASX:NME, "**Nex Metals**") Managing Director Mr Ken Allen, Chairman Mr Tom Percy QC, Non-Executive Director Mr Hock Hoo Chua and a number of Nex Metals shareholders. Together these shareholdings represent approximately 60 million shares (being ~22.28% of Nex Metals).

The court action alleges that Mr Ken Allen purported to lodge proxy voting instructions online "on behalf" of a large number of shareholders without clear authority at the recent Nex Metals AGM. Metalicity began investigating the circumstances after being concerned that the turnout at the 2021 Nex Metals AGM was significantly greater than either the 2020 or 2019 meetings (~202 million shares for the 2021 AGM, against ~60 million shares voted in 2020 and ~81 million in 2019).

The actions of Mr Allen then came to light through subpoenas issued at the request of Metalicity. A recent Supreme Court of Western Australian judgement noted:

Mr Allen's evidence was that between 15 March 2022 and 29 March 2022, he lodged votes on behalf of 26 shareholders in relation to the defendant's annual general meeting. Mr Allen deposed that:

At the time I lodged the online votes, I understood that I held the authority of the relevant shareholder to do so. I have explained the circumstances in which I received such authority below. [...]

Mr Allen provided evidence of his conversations or text message exchanges with each of these shareholders. In relation to a number of these shareholders, the authorisation on which Mr Allen relied upon was not given by the shareholder (or a director of the shareholder) but by others (such as a stockbroker, family member, or friend).

The judgement further noted:

It is sufficient for the purposes of these proceedings for me to state that my preliminary view is that the Act and the Constitution require proxies to be lodged personally by shareholders, unless a corporate representative has been appointed or a power of attorney granted.

Proxies were also purportedly lodged online from another Internet Protocol address on behalf of another group of shareholders.

Amongst other claims, Metalicity is seeking a declaration that approximately 54 million votes purportedly cast by Mr Allen on behalf of others be declared invalid, with a subsequent impact as to the results of the Nex Metals AGM held on 31 March 2022. Similar declarations are sought for the EGM held on 25 July 2022. Similar declarations are also sought in relation to the other shares for whom proxies were purportedly lodged online from the same IP address.

Metalicity is also seeking an order that approximately 60 million being shares held by the defendants be vested with Australian Securities and Investments Commission (ASIC) and sold.

Metalicity's claim is brought on two bases: first, that the proxies purportedly lodged online on behalf of shareholders (rather than by the shareholders themselves) for the AGM were invalid; and second, that Mr Allen and other shareholders are, and have been for some time, undisclosed associates in breach of various provisions of the Corporations Act.

This Announcement is approved by the Board of Metalicity Limited.

ENQUIRIES

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(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.

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