

Date: 29 July 2022

June 2022 Quarterly Activities Report

EXPLORATION HIGHLIGHTS

- **Air Core (AC) Drilling results circa 50 metres from the McTavish Resource at the McTavish South Prospect part of the Kookynie Gold Project¹ have returned multiple significant widths and high-grade intercepts¹**
 - MCTSAC0009 – 4 metres @ 2.57 g/t Au from 64 metres
 - MCTSAC0017 – 4 metres @ 2.07g/t Au from 60 metres
 - MCTSAC0020 – 8 metres @ 2.61 g/t Au from 28 metres
 - MCTSAC0028 – 8 metres @2.60 g/t Au from 28 metres
 - MCTSAC0024 – 8 metres @ 0.92g/t Au from 20 metres; including 4 metres @ 1.35 g/t Au from 20 metres.
 - MCTSAC0028 – 4 metres @1.51 g/t Au from 52 metres
 - MCTSAC0021 – 11 metres @ 0.85 g/t Au from 68 metres
- **Approximately 5,000 metres of drilling results from our latest drilling campaign remain outstanding.**
- **1 metre re-split sampling of significant and anomalous mineralised 4 metre composites intervals from McTavish South.**

CORPORATE

- Independent Expert's Report prepared pursuant to orders made by the Takeovers Panel determined that the terms of Metalicity's Offer for Nex Metals Explorations Limited (Nex) are **Fair and Reasonable to Nex Metals shareholders²**.
- The independent Expert **valued Nex Metals Explorations Limited at between nil at \$0.01 per Nex share, with a preferred value of \$0.003²**.
- Successfully completed a 2 for 7 Non-Renounceable Rights Issue of ~\$3.6m.
- ~\$650,000 raised through the exercise of options.

Metalicity Limited (ASX: MCT) ("**Metalicity**" or "**the Company**") is pleased to provide the Quarterly Activities Report for the period ending 30th June 2022.

Commenting on the Quarter, Metalicity Managing Director, Justin Barton said:

"We are extremely pleased with the support shown by our shareholders in the recent entitlement issue, which has helped set us up for the next 12-18 months. Market conditions are proving to be very challenging, and we are working hard to ensure we return value to shareholders; while also being very cautious with our spending.

¹ Please refer to ASX Announcement "Drilling Extends Significant Gold Mineralisation along McTavish Trend by a Further 400 metres" dated 27th June 2022.

² Please refer to ASX Announcement "MCT Bid Declared Fair & Reasonable, NME valued at 0 – 1cps"² dated 10th May 2022.

We are continuing to get on with development of the Kookynie Project; whilst also progressing our offer to Nex Metals shareholders - which was endorsed as **Fair and Reasonable** during the quarter under the independent Expert's Report."

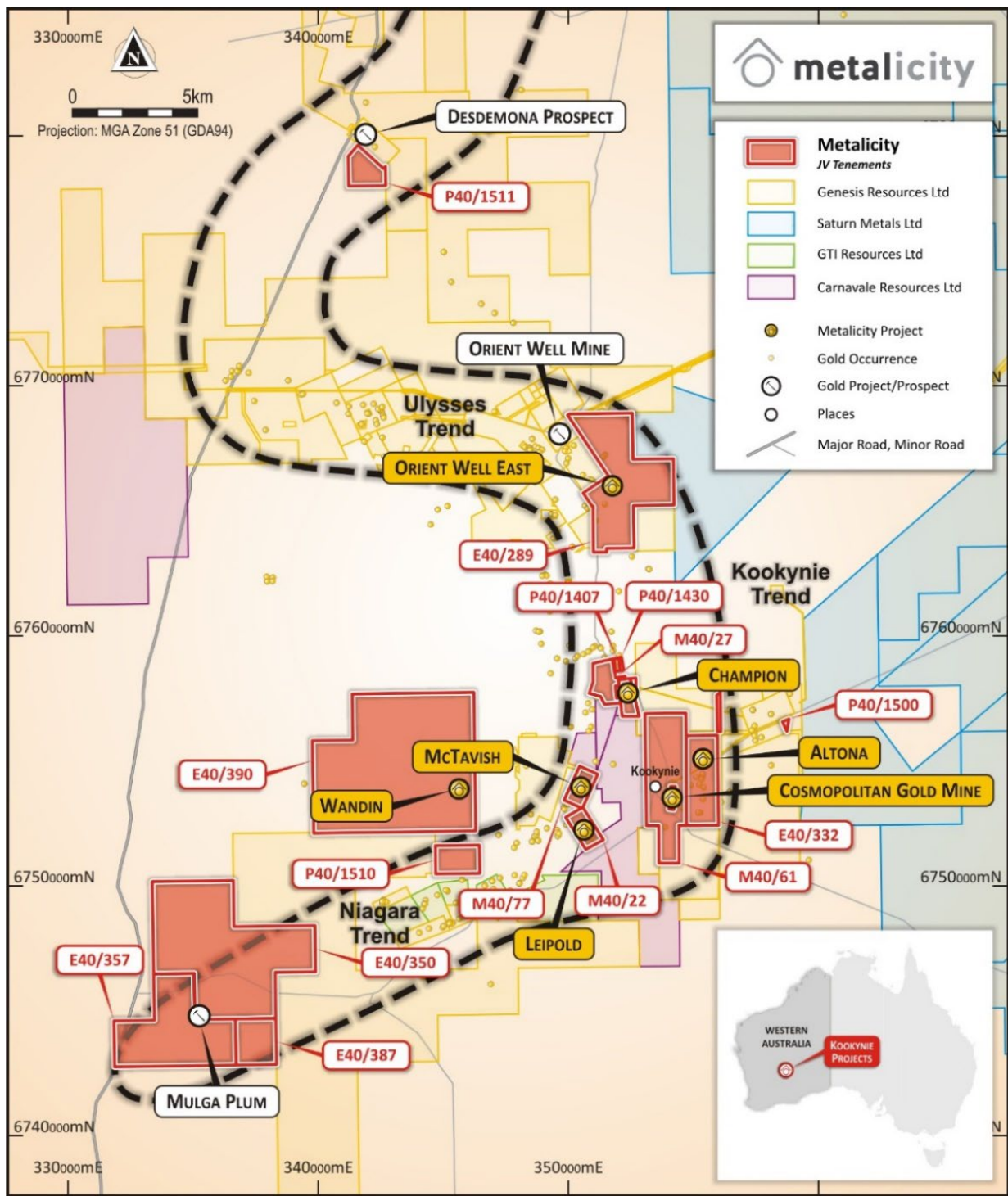


Figure 1 – Kookynie Prospect Locality Map with mineralised trends.

Kookynie and Yundamindra Gold Projects

Metalicity has continued to actively develop the Kookynie and Yundamindra Gold projects, located in the Goldfields district of Western Australia, please refer to Figure 1. These projects comprise the Kookynie & Yundamindra JV with NME, for which Metalicity has a direct 51%³ and controlling interest (and ~65.7% direct and indirect combined interest in these projects).

The Kookynie Project, which is located approximately 60 km south of Leonora is host to seven large-producing historical mines: Champion, McTavish, Leipold, Altona, Diamantina, Cosmopolitan and Cumberland. Please refer to Figure 1 above.

The Kookynie Project remained the focus for Metalicity's exploration activities and below is a summary of the exploration activities for the quarter.

Return of Drill Assays, Interpretation of Results and Composite Re-sampling

A first pass air core (AC) programme of 31 drillholes at McTavish South in March 2022 targeting an interpreted regional structure delineated a 400 plus metre zone of gold mineralisation as part of the significant step out drilling programme⁴. The programme was a first pass campaign with AC drilling on 80 metre line spacing with 40 metre spaced holes for a total of 2,333 metres.

Multiple significant and anomalous intersections of gold mineralisation were discovered at the McTavish South prospect located approximately 50 metres along strike to the south along the highly prospective structural trend which hosts Metalicity's 2012 JORC compliant McTavish Mineral Resource on the same tenement⁵. Better significant downhole intercepts are represented in Table 1 below.

Table 1 – McTavish South Prospect Significant Drill Hole Intercepts > 0.3 g/t Au.

MGA94_Z51S												
Hole ID	Tenement	Hole Type	Easting	Northing	RL	Dip	Azi	EOH	From (m)	To (m)	Downhole width (m)	Grade (Au g/t)
MCTSAC0005	M40/77	AC	350658	6753354	430	-60°	270	72	64	68	4	0.97
MCTSAC0008	M40/77	AC	350655	6753421	430	-60°	270	72	4	8	4	0.6
MCTSAC0008	M40/77	AC	350655	6753421	430	-60°	270	72	32	36	4	0.56
MCTSAC0009	M40/77	AC	350695	6753421	430	-60°	270	74	64	68	4	2.57
MCTSAC0012	M40/77	AC	350651	6753506	429	-60°	270	71	0	4	4	0.53
MCTSAC0017	M40/77	AC	350691	6753598	428	-60°	270	91	60	64	4	2.07
MCTSAC0019	M40/77	AC	350773	6753597	429	-60°	270	81	64	68	4	0.71
MCTSAC0020	M40/77	AC	350684	6753674	427	-60°	270	74	28	36	8	2.61
MCTSAC0021	M40/77	AC	350724	6753675	427	-60°	270	79	24	28	4	0.74
MCTSAC0021	M40/77	AC	350724	6753675	427	-60°	270	79	68	79	11	0.85
MCTSAC0024	M40/77	AC	350676	6753751	427	-60°	270	66	20	24	4	1.35
MCTSAC0028	M40/77	AC	350678	6753802	427	-60°	270	63	28	36	8	2.6
MCTSAC0028	M40/77	AC	350678	6753802	427	-60°	270	63	52	56	4	1.51

³ Please refer to ASX Announcement "Metalicity Achieves Earn-In On The Kookynie & Yundamindra Gold Projects" dated 20th May 2021 with Nex Metals Explorations Ltd, ASX:NME. **As reported on 20 May 2021, Metalicity now has a 51% controlling interest in both the Kookynie & Yundamindra Gold projects.**

⁴ Please refer to ASX Announcement "Current Drilling Program At Kookynie Significantly Expanded" dated 20 April 2022.

⁵ Please refer to ASX Announcement "Kookynie Maiden JORC 2012 Mineral Resource Estimate" dated 1st April 2022.

Gold mineralisation is situated along a north-south trending structure that was interpreted from detailed aeromagnetic surveys undertaken by the Company, as well as detailed reviews of recent and historic exploration information. Drilling and assay results identified a gold mineralised zone of over 400 metres within the weathered rock profile along the north-south McTavish structural trend - which remains open⁶ (Figure 2).

Composite samples were collected on four metre downhole intervals, with a one metre end of hole sample collected for multi-element. As AC drilling has been used in this programme as an early phase reconnaissance tool an Au cut-off grade of 0.3 g/t is used. 1 metre re-samples were collected from 4 metre composites that returned significant and anomalous gold values greater than 0.3 g/t Au. Assay results from the 1 metre re-split samples are still pending at the time of this report.

Due to industry-wide delays from increased laboratory analysis demand and the impacts of COVID-19 Metalicity is experiencing longer than normal delays associated with drilling assay turn around and results. Remaining assay results from the 2022 drill programme are pending.

The exploration programme for 2022 was expanded with several new targets following a detailed review of previous drilling and high-resolution aeromagnetic survey data^{4,5}.

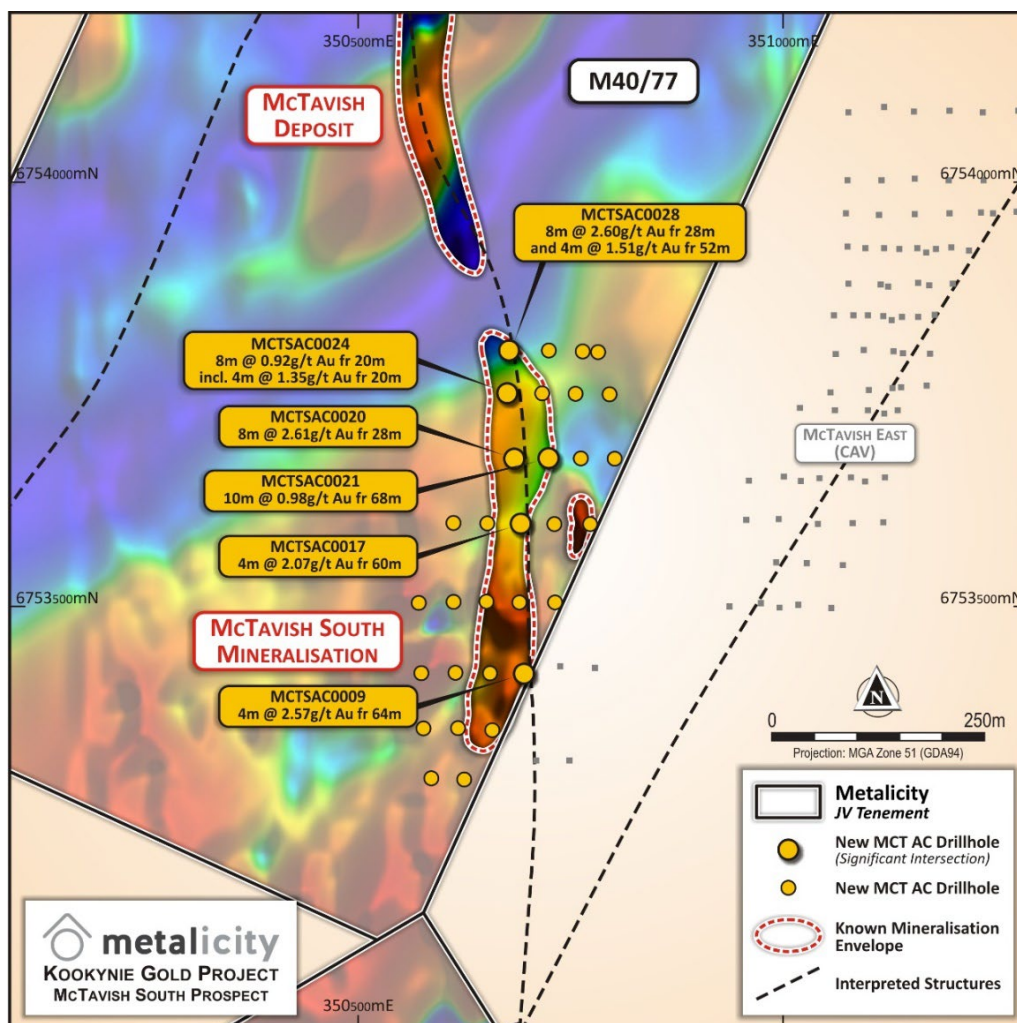


Figure 2 – McTavish South Prospect Drill Collars Plan Layout. Base map layer is a magnetic intensity first vertical derivative of the reduced to the pole pseudocolour mapping with directional sun shading from the northeast.

⁶ Please refer to ASX Announcement “High Grade Gold Results From Aircore Extend McTavish” dated 27 June 2022.

Kimberley Mining Limited – Admiral Bay (circa 80.3% holding)

The Admiral Bay asset is on care and maintenance.

Corporate & Financial

During the period, the Independent Expert Report, prepared pursuant to orders made by the Takeovers Panel and for which Nex Metals' directors were personally liable for the cost (up to \$50,000) was released. The Independent Expert considered the terms of the Metalicity Offer for Nex Metals Explorations Limited ("Nex Metals") as outlined in their report and have concluded that, in the absence of a superior offer, **the Offer is Fair and Reasonable to Nex shareholders.**

The Independent Experts Report ("IER") stated that the Offer was Fair, as it was valued greater than their **valuation estimate for Nex Metals of nil to \$0.01** per Nex Metals share (**\$0.003 preferred value**). The IER stated that the Offer was Reasonable as the position of Nex Metals' shareholders if the Offer is accepted is more advantageous than the position if the Offer is not accepted.

A further declaration of unacceptable circumstances was made by the Take-over Panel against Nex Metals Replacement Target Statement ("RTS") during the period, for which the Panel considered the RTS to contain material deficiencies in that it omits material information, includes statements that are misleading or confusing in material respects and includes statements that are incorrect.

The company also successfully completed the 2 for 7 Non-Renounceable Rights Issue to raise circa \$3.65 million. Eligible participants who subscribed to the offer for \$0.005 per Share also received 1 free attaching listed option for every 3 shares subscribed, exercisable at \$0.01, with a 2-year expiry. The primary focus of the offer is to continue with further drilling at the Kookynie Gold Project, including new targets and potential extensions to the Leipold-McTavish-Champion golden corridor.

Under the Rights Issue, 730,150,281 shares and 243,383,617 Listed Options were issued. The Rights issue was fully underwritten by Canaccord Genuity (Australia) Limited who also received 20,000,000 Listed Options on the same terms as Eligible participants subscribing to the Rights Issue.

Financial

Cash on hand at the end of the Quarter was \$3.1M.

During the quarter 163,294,464 Listed Options exercisable at \$0.004 on or before 22 May 2022 were exercised raising circa \$650,000.

During the quarter the following options lapsed:

- 61,964,757 Listed Options exercisable at \$0.004 on or before 22 May 2022;
- 10,785,715 Unlisted Options exercisable at \$0.02 on or before 31 May 2022.

Exploration expenditure during the quarter was ~\$1.01 million. Full details of exploration activities during the quarter are in this report. Payments to related parties of the company and their associates during the quarter was ~\$150,000, representing Director Fees, PAYG and superannuation in accordance with the director remuneration packages. This Announcement is approved by the Board of Metalicity Limited.

ENQUIRIES

Investors

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Metalicity confirms that the Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of “exploration results” that all material assumptions and technical parameters underpinning the “exploration results” in the relevant announcements referenced apply and have not materially changed.

Competent Person Statement

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

Note

This Announcement is designed to also supplement for Nex Metals Explorations as it relates to our joint venture agreement as announced “*Metalicity Achieves Earn-In On The Kookynie & Yundamindra Gold Projects*” dated 20th May 2021 with Nex Metals Explorations Ltd, ASX:NME.

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.

Tenement Schedule

Please Note all Kookynie and Yundamindra Tenements will be 51% MCT and 49% NME as per ASX Announcement “*Metalicity Achieves Earn-In On The Kookynie & Yundamindra Gold Projects*” dated 20 May 2021 with Nex Metals Explorations Ltd, ASX:NME.

Tenement	Registered Holder	Shares Held	Plainted	Status	Area (ha)	Nature of Interest	Interest
Kookynie							
P40/1331	KYM Mining Limited	100/100	No	Live	161.2	Direct Holding	51% ¹
E40/390	KYM Mining Limited	100/100	No	Live	3,300.0	Direct Holding	51% ¹
E40/350	KYM Mining Limited	100/100	No	Live	2,394.0	Direct Holding	51% ¹
E40/357	KYM Mining Limited	100/100	No	Live	1,194.0	Direct Holding	51% ¹
P40/1407	KYM Mining Limited	100/100	No	Live	10.0	Direct Holding	51% ¹
P40/1430	KYM Mining Limited	100/100	No	Live	9.9	Direct Holding	51% ¹
P40/1510	Metalicity Limited	100/100	No	Live	185.0	Direct Holding	51% ¹
P40/1511	Metalicity Limited	100/100	No	Live	176.7	Direct Holding	51% ¹
E40/387	Metalicity Limited	100/100	No	Live	299.0	Direct Holding	51% ¹

P40/1564	Metalicity Limited	100/100	No	Pending	107.0	Direct Holding	51% ¹
G40/3	Nex Metals Explorations Limited	100/100	No	Live	7.2	Earnt In	51% ¹
L40/9	Nex Metals Explorations Limited	100/100	No	Live	1.0	Earnt In	51% ¹
E40/332	Nex Metals Explorations Limited	100/100	No	Live	600.0	Earnt In	51% ¹
M40/22	Nex Metals Explorations Limited	100/100	No	Live	121.7	Earnt In	51% ¹
M40/27	Nex Metals Explorations Limited	100/100	No	Live	85.5	Earnt In	51% ¹
M40/61	Nex Metals Explorations Limited	100/100	No	Live	832.7	Earnt In	51% ¹
M40/77	Nex Metals Explorations Limited	90,405/90,405	No	Live	119.2	Earnt In	51% ¹
P40/1499	Nex Metals Explorations Limited	100/100	No	Live	8.3	Earnt In	51% ¹
P40/1500	Nex Metals Explorations Limited	100/100	No	Live	5.9	Earnt In	51% ¹
P40/1501	Nex Metals Explorations Limited	100/100	No	Live	21.1	Earnt In	51% ¹
E40/289	Paris Enterprises Pty Ltd	100/100	No	Live	1,222.7	Earnt In	51% ¹
Kookynie Total Area (ha)					10,861.9		
Yundamindra							
L39/34	Nex Metals Explorations Limited	100/100	Yes	Live	1.0	Earnt In	51% ¹
L39/52	Nex Metals Explorations Limited	96/96	Yes	Live	1.0	Earnt In	51% ¹
L39/258	Nex Metals Explorations Limited	100/100	Yes	Live	3.2	Earnt In	51% ¹
M39/84	Nex Metals Explorations Limited	100/100	Yes	Live	378.0	Earnt In	51% ¹
M39/274	Nex Metals Explorations Limited	100/100	Yes	Live	230.0	Earnt In	51% ¹
M39/406	Nex Metals Explorations Limited	100/100	Yes	Live	124.0	Earnt In	51% ¹
M39/407	Nex Metals Explorations Limited	100/100	Yes	Live	896.0	Earnt In	51% ¹
M39/408	Nex Metals Explorations Limited	100/100	Yes	Live	785.0	Earnt In	51% ¹
M39/409	Nex Metals Explorations Limited	100/100	Yes	Live	966.0	Earnt In	51% ¹
M39/410	Nex Metals Explorations Limited	100/100	Yes	Live	978.0	Earnt In	51% ¹
M39/839	Nex Metals Explorations Limited	100/100	Yes	Live	7.3	Earnt In	51% ¹
M39/840	Nex Metals Explorations Limited	100/100	Yes	Live	9.7	Earnt In	51% ¹
P39/6126	Nex Metals Explorations Limited	100/100	No	Live	10.4	Earnt In	51% ¹
P39/6127	Nex Metals Explorations Limited	100/100	No	Live	5.6	Earnt In	51% ¹
E39/1773	Paddick Investments Pty Ltd	100/100	Yes	Live	903.0	Earnt In	51% ¹
E39/1774	Paddick Investments Pty Ltd	100/100	Yes	Live	2,517.0	Earnt In	51% ¹
Yundamindra Total Area (ha)					7,815.1		

Note 1: The Company holds a combined 68.5% holding in these tenements through the interest it has acquired through the Take Over Bid of Nex Metals Explorations Limited currently

Below is the full tenement Schedule for the Admiral Bay Project held by Kimberley Mining Australia Pty Ltd

Tenement	Registered Holder	Status	Area	Nature of Interest	Interest
Admiral Bay					
E 04/1610	Kimberley Mining Australia Pty Ltd	Live	42 Blocks	Holding in Subsidiary	80.3%
M 04/244	Kimberley Mining Australia Pty Ltd	Live	796.4 ha	Holding in Subsidiary	80.3%
M 04/249	Kimberley Mining Australia Pty Ltd	Live	843.85 ha	Holding in Subsidiary	80.3%